SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

Fiscal Year Ended December 31, 1983 Commission File Number 1—771

Getty Oil Company

(Exact name of registrant as specified in its charter)

Delaware	**51—0078813**
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)

3810 Wilshire Boulevard,
Los Angeles, California 90010
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 213-739-2100

Registrant meets the conditions set forth in General Instruction J (1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, Without Par Value	New York Stock Exchange Pacific Stock Exchange (Trading Suspended on February 17, 1984)
Preferred Stock, $1.20, Cumulative $25 Par Value	New York Stock Exchange Pacific Stock Exchange (No Stockholders as of February 16, 1984)
Thirty-year 3½% Sinking Fund Debentures, Due April 1, 1986	New York Stock Exchange
Seven-year 10% Notes, Due July 15, 1987	New York Stock Exchange
Three-year 13⅞% Notes, Due July 15, 1985	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No ____

The aggregate market value on March 1, 1984, of the voting stock held by stockholders other than officers and directors of Registrant and beneficial owners of 10 percent or more of the Registrant's voting stock was $0.00.

Number of shares outstanding of issuer's Common Stock as of March 1, 1984:

Common Stock, Without Par Value	No Shares Outstanding
Common Stock, $100 Par Value	10 Shares Outstanding

GETTY OIL COMPANY
PART I
Item 1. Business.
General

Effective February 17, 1984, Texaco Holdings Inc. ("THI"), a Delaware corporation which is an indirect wholly owned subsidiary of Texaco Inc. ("Texaco"), merged into Getty Oil Company ("Getty"). Immediately prior to the effective time of the merger, Texaco, through THI, owned approximately 96 percent of the outstanding shares of Getty Common Stock, Without Par Value ("Getty Common Stock").

In connection with the acquisition of Getty Common Stock by Texaco, Texaco agreed on February 13, 1984, to a consent order with the Federal Trade Commission ("FTC") concerning the disposition of certain properties and also to hold separate Getty's oil and gas assets and businesses in the United States (including foreign activities to the extent involved in imports into the United States) pending final action by the FTC following a 60-day public notice period. Texaco has agreed to the divestiture of (1) substantially all of Getty's marketing activities in the Northeast; and (2) Getty's El Dorado, Kansas refinery, including related crude oil pipelines and terminals; as well as marketing, sales and transportation assets in 15 mid-western states. The 60-day public notice period commenced March 7, 1984.

Unless otherwise indicated, all information and statistics contained in this report reflect Getty's operations as they existed at December 31, 1983.

Getty was incorporated under the laws of the State of Delaware on November 10, 1928, under the name "Pacific Western Oil Corporation." Its name was changed to Getty Oil Company on April 25, 1956.

Unless otherwise indicated, all information and statistics contained in this report under the heading "Getty" include information and statistics (1) for Getty and all of its wholly owned subsidiaries, except its insurance subsidiaries and its domestic finance subsidiary, (2) since January 23, 1980, on the operations of the former Reserve Oil and Gas Company ("Reserve") and 100 percent of Canadian Reserve Oil and Gas Ltd. ("Canadian Reserve"), and (3) as of December 31, 1983. The consolidated financial statements include information regarding Getty's insurance operations and domestic finance subsidiary to the extent set forth in NOTE 1 to the consolidated financial statements beginning on page IV-8.

Getty is an integrated oil company operating principally within the United States. Crude oil and natural gas reserves are located in Alaska, California, Nevada, the Rocky Mountain, Gulf and midcontinent areas of the United States, Canada, offshore Spain, the Saudi Arabia-Kuwait Partitioned Neutral Zone ("Partitioned Zone") located between Saudi Arabia and Kuwait, Algeria and the United Kingdom sector of the North Sea. Getty also has rights to crude oil production in Indonesia. Getty owns crude oil refineries and petrochemical facilities located at Delaware City, Delaware, and El Dorado, Kansas, and crude oil refineries in Bakersfield, California, and in the Partitioned Zone. Getty also owns natural gas plants, crude oil and refined product pipelines, foreign flag tankers, other transportation facilities, domestic marketing outlets and facilities for the storage, sale and distribution at wholesale and retail of liquefied petroleum gas.

The general character of the business conducted by Getty includes: the exploration and development of prospective and proven oil and gas properties in the North American continent and overseas; the production, purchase and sale of crude oil, condensate, natural gas and natural gas liquids; the transportation of crude oil and refined products by pipelines, tank ships, tank cars and automotive equipment; the refining of crude oil into various grades of gasoline, jet fuel, distillates, fuel oils and other petroleum products; the manufacture and sale of chemicals and petrochemicals and the distribution of refined petroleum products through wholesale and retail outlets in the United States. Getty conducts mineral (other than oil and gas) exploration and production programs in the North American continent, Australia, Chile, Ireland, the Philippines and Spain. Getty is also engaged in agricultural operations in Southern California, cable television sports programming, and the insurance (including reinsurance) business.

On December 31, 1983, Getty had 19,440 employees (including 1,052 employees in insurance operations), of whom approximately 13 percent were represented by labor unions under collective bargaining agreements, most of which were renegotiated in February, 1984, and will expire in January, 1986.

For the year ended December 31, 1983, the production and sale of crude oil, condensate, natural gas liquids and natural gas and products therefrom and operations related thereto accounted for approximately 96 percent of the gross operating income of Getty.

For information as to business segments of Getty, reference is made to NOTE 16 to the consolidated financial statements on page IV-20.

Sales of Refined Products, Crude Oil and Condensate and Natural Gas

Getty's sales of refined products, crude oil and condensate and natural gas in the years 1979 through 1983 are summarized in the following schedule.

	1983	1982	1981	1980	1979
			(In thousands of barrels)		
REFINED PRODUCTS					
Gasolines	46,231	44,297	45,764	49,161	43,716
Distillates	32,853	34,006	35,837	37,150	23,164
Heavy Fuels	20,924	18,408	12,411	14,731	17,023
Petrochemicals	3,278	2,195	2,443	2,631	3,054
Other [1]	29,436	28,064	25,616	24,898	24,279
Total Refined Products	132,722	126,970	122,071	128,571	111,236
CRUDE OIL AND CONDENSATE	218,487	203,008	207,980	193,037	124,580
Total Refined Products, Crude Oil and Condensate	351,209	329,978	330,051	321,608	235,816
			(In millions of cubic feet)		
NATURAL GAS	254,888	305,862	313,119	308,753	306,868

[1] Includes natural gas liquids.

Getty, under contract with Phillips Petroleum Company ("Phillips"), is obligated to sell to Phillips an average of 50,000 barrels per day of crude oil at market prices through June 30, 1985.

Item 2. Properties.

Oil and Gas Reserves

Getty's net proved reserves and net proved developed reserves of oil and gas are shown in NOTE 21 to the consolidated financial statements beginning on page IV-25. The standardized measure of Getty's discounted future net cash flows from said reserves is depicted in NOTE 20 to the consolidated financial statements beginning on page IV-24.

Variance with Reserve Estimates Filed with Federal Authorities

Getty's net proved and net proved developed oil and gas reserves are estimated annually by DeGolyer and MacNaughton, independent consulting engineers. Getty has periodically filed reports of its oil and gas reserve estimates with the Securities and Exchange Commission and from time to time with other federal governmental authorities or agencies. Estimates made as of a date prior to December 31, 1983, and contained in any such filing will differ from the estimates in this report because of events occurring subsequent to the date of such estimates, including production, acquisition or sale of reserves, extensions and discoveries, application of improved recovery techniques, and revisions of previous estimates by DeGolyer and MacNaughton. In some instances, the estimates so filed may differ from the estimates contained in this report because the authority or agency specified procedures to be followed in making such estimates which differ from those required to be followed in preparing estimates for this report.

Crude Oil (Including Condensate and Natural Gas Liquids) and Natural Gas Net Production

The following tabulation shows the net production of crude oil (including condensate and natural gas liquids) and natural gas from lease, concession and other interests of Getty for the years 1981 through 1983. No reduction has been made for the portion of natural gas liquids retained by gas processing plants (typically about 60 percent) for the extraction of liquids. Production from Indonesia is that applicable to contractual relationships with its government and has been reduced by the estimated amount of production to be retained by the state oil company. Production is net of royalty.

	1983	1982	1981
	(In thousands of barrels)		
Crude Oil			
United States	103,590	102,186	101,371
Canada	2,362	2,045	2,074
Middle East	15,943	19,339	22,323
North Sea	26,050	27,130	25,486
Other Foreign	1,034	1,170	934
Total Foreign	45,389	49,684	50,817
Total	148,979	151,870	152,188
Crude Oil Applicable to Production Sharing Contracts [1]			
Indonesia	2,058	2,389	2,443
	(In millions of cubic feet)		
Natural Gas			
United States	266,774	318,710	319,488
Canada	6,013	5,658	6,436
North Sea	2,909	3,004	2,478
Total	275,696	327,372	328,402

[1] Not included in crude oil quantities listed above.

Getty estimates that approximately 51 percent of its domestic crude oil production during 1983 was from wells subject to production or conservation laws. During 1983, such laws had no material effect on Getty.

Gross and Net Productive Acreage and Wells

The following tabulation shows Getty's gross and net productive acreage and oil and gas wells at December 31, 1983.

	Productive Acreage [1]		Productive Wells [2]			
			Oil		Gas	
	Gross	Net	Gross	Net	Gross	Net
United States	4,369,749	1,105,773	33,889	12,870	4,798	1,591
Canada	574,908	253,937	4,034	452	905	83
Middle East	39,667	19,834	303	152	—	—
North Sea	43,273	11,039	61	16	—	—
Other Foreign	78,446	9,228	258	17	—	—
Total Foreign	736,294	294,038	4,656	637	905	83
Total	5,106,043	1,399,811	38,545	13,507	5,703	1,674

[1] In the computation of gross and net acreage, where Getty has only a fractional part of the entire working interest, its net interest is taken as the corresponding fractional part of the total tract while its gross interest is taken as the total tract. Separately unitized zones under the same surface property and the unitized portions and non-unitized portions of the same property are each accounted for as a separate property, with Getty's acreage in each being computed and included in the above figures. Where, under applicable law, acreage is allocated to a well for spacing or allowable purposes, only those portions of a property that are so allocated are reported as producing acreage with the balance being reported as undeveloped acreage.

[2] The data given on productive wells reflect well bores. One or more producing zones, however, may be completed into one or more strings of tubing in the same well bore resulting in production out of a single well bore of more than one zone. In some instances, a single well bore produces both oil and gas. If a well produces oil, the well is classified as an oil well notwithstanding the fact that it may also produce gas. In the computation of net wells, where Getty has only a fractional part of the entire working interest, its net interest is taken as the corresponding fractional part of the total well. However, if Getty's fractional part of the entire working interest in different zones in a multiply completed well differs, then in the computation of net oil wells Getty's net interest is taken as its largest interest in any oil zone in the well and in the computation of net gas wells its net interest is taken as its largest interest in any gas zone in the well. All well bores in which Getty has an interest, regardless of the amount of such interest, are included in the computation of gross wells. Of the total number of gross producing well bores shown above, 1,225 were multiple completions. Of these, 1,140 were dual completions, 84 were triple completions and one was completed in more than three zones.

Gross and Net Undeveloped Acreage

The following tabulation shows Getty's gross and net oil and gas undeveloped acreage, including offshore acreage, at December 31, 1983. [1]

	Gross Undeveloped Acreage	Net Undeveloped Acreage
United States	8,927,035	5,037,181
Foreign	42,601,700	16,208,162
Total	51,528,735	21,245,343

[1] For information regarding the calculation of acreage data, reference is made to Footnote [1] to the table "Gross and Net Productive Acreage and Wells" above.

Enhanced Recovery Projects

The term "enhanced recovery" encompasses the terms secondary recovery and tertiary recovery. It is used here to refer to those methods that increase the recovery of oil, gas and other petroleum liquids from the hydrocarbons in place beyond that recoverable through natural means and pumping. Those methods include pressure maintenance by water injection, or by injection of natural gas or carbon dioxide or combinations of water and gas; the injection of fluids containing chemicals; and the application of heat to the producing zone or formation by using steam, hot water or both, or in-situ combustion. The extent to which enhanced recovery is used is dependent on economic factors such as the price of oil and gas and the cost and effectiveness of the methods used. In certain fields, production above primary levels has been obtained and the productive life of fields extended beyond their initial life expectancy as a result of the application of various enhanced recovery techniques.

At December 31, 1983, Getty held interests in 469 enhanced recovery projects, principally water, steam or gas injection projects, located primarily in California, Oklahoma and Texas. Getty served as operator on 172 of those projects. Projects subject to enhanced recovery contributed approximately 197,365 barrels per day, or about 70 percent of Getty's 1983 domestic net liquids production. In 1983, approximately 9,228,395 barrels of crude oil production, 232,500 barrels of fuel oil and 19,844,625 thousand cubic feet of fuel gas were consumed in enhanced recovery projects. The largest of these enhanced recovery projects, measured by Getty's net share of production, is the Kern River field in Kern County, California, a thermal recovery project which produced in 1983 an average of 93,458 net barrels per day of 13° to 14° API gravity oil, or approximately 33 percent of the company's total domestic net liquids production. In 1983, approximately 8,721,000 barrels of crude oil production, 146,300 barrels of fuel oil and 14,398,400 thousand cubic feet of gas were consumed in the Kern River enhanced recovery project.

Canada

At December 31, 1983, Getty held approximately 1.1 million net permit acres (both onshore and offshore) in Canada. During 1983, Getty produced crude oil, natural gas and natural gas liquids in the Canadian provinces of Alberta, British Columbia, Manitoba and Saskatchewan. Getty's daily net production from these provinces totaled 6,500 barrels of liquids and 16.5 million cubic feet of natural gas in 1983. DeGolyer and MacNaughton has estimated that at December 31, 1983, Getty's net proved liquids and natural gas reserves in Canada were approximately 32 million barrels and 372 billion cubic feet, respectively.

In 1983, the shareholders of Canadian Reserve approved the amalgamation of Canadian Reserve with Getty's wholly owned oil and gas subsidiaries in Canada, resulting in the combination of the businesses and assets of these corporations into a single wholly owned subsidiary of Getty. Getty's acquisition of Canadian Reserve is subject to an undertaking by Getty with the Canadian Foreign Investment Review Agency to divest itself of 50 percent of the ownership of Canadian Reserve by September 9, 1987.

Partitioned Zone

Getty holds a concession, covering an area of approximately 2,100 square miles in the Partitioned Zone between Saudi Arabia and Kuwait, which will expire in the year 2009. Getty is entitled to one-half of all crude oil produced and saved from the Partitioned Zone by Getty and the other producer, and is obligated to pay to the Saudi Arabian Government a royalty and income taxes on such one-half of production. The other half is owned by the government of Kuwait and operated by Kuwait Oil Company.

Crude oil from the Partitioned Zone contains between 3.0 and 4.8 percent sulfur and is produced from the Wafra, South Fuwaris and South Umm Gudair fields. The South Fuwaris and South Umm Gudair fields and the Ratawi and Burghan horizons of the Wafra field produce crude oil of approximately 24.5° to 25° API gravity. The Eocene horizon of the Wafra field produces crude oil of approximately 18° API gravity.

DeGolyer and MacNaughton has estimated that Getty's net proved petroleum liquids reserves in the Wafra, South Fuwaris and South Umm Gudair fields at December 31, 1983, were approximately 378 million, 6 million and 154 million barrels, respectively. During 1983, the Wafra, South Fuwaris and South Umm Gudair fields produced at rates of approximately 94,900, 2,200 and 12,100 gross and 38,000, 900 and 4,800 net barrels of petroleum liquids per day, respectively.

See the discussion of Getty vs. State of Kuwait, et al., which appears in NOTE 12 to the consolidated financial statements beginning on page IV-17 for a discussion of certain disputes which have arisen between Getty and Kuwait regarding entitlements to Partitioned Zone production.

In the Partitioned Zone, at Mina Saud on the Arabian Gulf, Getty owns and operates a refinery with a throughput capacity of 50,000 barrels of crude oil per stream day, which makes specification fuel oil and naphtha.

British North Sea

Getty has a 23.5 percent interest in the Piper and Claymore fields, covering approximately 7,368 and 6,515 acres, respectively, about 100 miles offshore the eastern coast of Scotland, and a 31.25 percent interest in the Heather field, covering approximately 6,500 acres approximately 70 miles east of the Shetland Islands. Production rights, which expire in the year 2018, are subject to a 12.5 percent royalty which the British Government can take in cash or in kind. British National Oil Corporation ("BNOC") has exercised its right to purchase 51 percent of production from the Piper and Claymore fields. As to the Heather field, BNOC's option to purchase 51 percent of production commences after cumulative production has reached 45 million barrels of oil. As of yearend 1983, Heather had produced a cumulative total of 44.3 million gross barrels of oil. During 1983, Heather field produced at an average rate of approximately 28,800 gross and 7,900 net barrels of petroleum liquids per day.

DeGolyer and MacNaughton has estimated that Getty's share of proved petroleum liquids reserves in the Piper, Claymore and Heather fields as of December 31, 1983, amounted to approximately 61 million, 42 million and 13 million barrels, respectively. During 1983, the Piper and Claymore fields produced at rates of approximately 211,400 and 97,400 gross and 43,500 and 20,000 net barrels of petroleum liquids per day, respectively.

Offshore Indonesia

Getty owns a 4.97 percent interest in a production sharing contract expiring in 1998, which entitles the participants to 34.0909 percent of the profits from oil production from the IIAPCO Block, in the Java Sea, offshore Southeast Sumatra. The IIAPCO Block consists of approximately 5,800 square miles. During 1983, two new fields were brought on production.

DeGolyer and MacNaughton has estimated that Getty's share of proved crude oil reserves in the IIAPCO Block attributable to production and reduced by the estimated amount of production to be retained by the Indonesia state oil company under the production sharing contract amounted to approximately 3 million barrels on December 31, 1983. The 14 proved fields in the IIAPCO Block produced at a total rate of approximately 99,800 gross and 3,000 net barrels of oil per day during 1983.

Getty owns a 25 percent interest in a production sharing contract, expiring in 1998, which entitles the participants to 34.0909 percent of the profits from oil production from Block B, covering approximately 5,800 square miles in the South China Sea offshore the Republic of Indonesia. The one productive field in Block B, Udang, produced at a rate of approximately 17,500 gross and 2,700 net barrels of oil per day during 1983. DeGolyer and MacNaughton has estimated that Getty's share of proved crude oil reserves from the Udang structure attributable to production and reduced by the estimated amount of production to be retained by the Indonesia state oil company under the production sharing contract amounted to approximately one million barrels on December 31, 1983. During 1983, a new field in Block B, Ikan Pari, was discovered and its development is currently being planned.

Mineral Properties

As used in this discussion, the term "proved reserves" means a deposit so extensively sampled that the tonnage, grade, geometry, and recoverability of the material within the block or blocks of ground under consideration can be computed with sufficient accuracy so that the uncertainties involved would not be a factor in determining the economic feasibility of a mining operation. The term "probable reserves" means a deposit for which sufficient continuity of dimensions and grade can be assumed for preliminary financial planning, but for which the risk of failure in continuity is greater than for proved reserves. "Mineralized material" is defined as that portion of a resource that (a) borders on being economically producible, or (b) is not commercially available solely because of legal or political circumstances.

Coal

Getty produces coal from wholly owned mines near Price, Utah, and Steamboat Springs, Colorado. During 1983, these mines produced approximately 0.9 million and 2.7 million tons of raw coal, respectively. Getty is also developing a 50 percent owned coal property near Scofield, Utah, where production began during 1981. Getty's share of production from this mine during 1983 was 0.1 million tons of raw coal. Construction is presently scheduled to begin in 1987 on a 55 percent Getty-owned lignite deposit near Athens, Texas, with first production expected in 1989.

DeGolyer and MacNaughton has estimated coal in place and coal recoverable net to Getty at December 31, 1983, as set forth in the following table. High-Btu is used to mean over 10,500 Btu's per pound. Low-sulfur coal refers to coal with less than a one percent sulfur content. Lignite refers to coal containing between 4,500 and 7,000 Btu's per pound content.

Location	Type of Mining	Type of Production	In Place Coal (In millions of tons)	Recoverable Run of Mine Coal (In millions of tons)
Colorado Yampa (Steamboat Springs, Colorado)	Surface	High-Btu, Low-sulfur Coal	8	6.8
Twentymile (Steamboat Springs, Colorado) (formerly reported with Colorado Yampa)	Underground	High-Btu, Low-sulfur Coal	346	—[1]
Plateau (Price, Utah)	Underground	High-Btu, Low-sulfur Coal	45	31.0 [2]
Skyline (Scofield, Utah)	Underground	High-Btu, Low-sulfur Coal	99	44.0
Malakoff-Cayuga (Athens, Texas)	Surface	Lignite	177	—[3]

[1] Pilot mining tests are currently being conducted.

[2] Based upon actual mine experience, approximately 68 percent of the in place coal is recoverable as run of mine coal and 82 percent of the run of mine coal is recoverable as washed coal.

[3] Coal is not presently being mined.

Uranium

Getty participates in a joint venture with Pancontinental Mining Limited ("Pancon"), an Australian company, to explore for and produce uranium in the Northern Territory of Australia. Getty owned, as of December 31, 1983, a 35 percent interest in an area known as Jabiluka. DeGolyer and MacNaughton has estimated that, based on drilling, at December 31, 1983, 20.0 million short tons of mineralized material net to Getty with an average grade of 0.37 percent uranium oxide are in place at Jabiluka. Previously the Jabiluka deposit was classified as proved and probable reserves. It was reclassified in 1983 as mineralized material due to political constraints which prohibit export sales of Jabiluka uranium at this time and which will delay potential development for an indefinite period of time. Jabiluka also has significant additional mineralized material in place which is not fully defined in grade and extent. A government policy requires uranium mining projects to be Australian controlled and 75 percent Australian owned before the startup of production. Although this policy would eventually require a reduction in the interest held by Getty, in prior years Getty received assurances that it would not be required to divest any interest under terms that are economically unreasonable. There is no mining in progress and no processing facilities have yet been constructed. The extent to which this tonnage can be mined and the grade of uranium ore that can be economically recovered depend upon factors influencing mining and processing, the market for uranium and a change in Australian government policy to permit export sales of Jabiluka uranium. Getty must advance all funds required until outside financing is, or reasonably can be, obtained by Pancon to finance its share of development costs to bring the deposit into production. Getty has also agreed to guarantee repayment by Pancon of its borrowings for such purpose.

In the Shirley Basin of Wyoming, Getty holds properties which include a uranium ore body in Sections 4 and 33 and a uranium mill with a nominal capacity of 1,500 tons of ore per day. DeGolyer and MacNaughton has estimated that, based on drilling, at December 31, 1983, 0.29 million tons of proved reserves net to Getty with an average grade of 0.20 percent uranium oxide are in place. Part of these reserves are required to satisfy a sales contract with Alabama Power Company that extends through 1987. In addition, DeGolyer and MacNaughton has estimated that the uranium deposit in Sections 4 and 33 contained 4.3 million tons of mineralized material with an average grade of 0.15 percent uranium oxide net to Getty. Uranium oxide production from the property totaled 0.89 million pounds in 1983.

Copper

Getty holds a 50 percent interest in two undeveloped copper deposits located in Arizona and in Chile. A decision regarding eventual production of the Arizona deposit probably will not be made until the late 1980's. DeGolyer and MacNaughton has estimated that at December 31, 1983, the Escondida copper deposit, located southeast of the city of Antofagasta, Chile, contained 91.6 million short tons of proved and 233.2 million short tons of probable reserves in place at an average grade of 2.0 percent copper net to Getty that can be mined by open pit methods. There are additional quantities of mineralized material that require further drilling to define their quantity and grade.

Oil Shale Properties

Getty owns approximately 31,000 acres of oil shale resource and support lands in western Colorado, of which approximately 21,000 acres are underlain by the Mahogany oil shale zone, deemed to have the highest productive potential. These 21,000 acres contain oil shale deposits which have not been produced commercially. DeGolyer and MacNaughton has estimated that at December 31, 1983, these properties contained 3,800 million barrels of shale oil net to Getty in place in the Mahogany Zone at a cutoff grade of 25 gallons per ton and that the Mahogany Zone averages 98 feet in thickness and contains 5,520 million tons of oil shale at an average grade of 28.7 gallons of shale oil per ton.

Diatomite Oil Properties

Getty owns 1,680 acres of land in the McKittrick area of the San Joaquin Valley of California which are underlain by shallow deposits of oil-impregnated diatomaceous sediments. DeGolyer and MacNaughton has estimated that at December 31, 1983, these properties contained 269 million short tons in place of oil-bearing diatomite with an average grade of 39.9 gallons per ton with 256 million barrels of oil net to Getty at a cutoff grade of about 18 gallons per ton (7.0 weight percent oil).

To date, no extraction process has been commercially applied to the production of oil from oil-impregnated diatomaceous sediments. It appears that certain techniques devised to exploit oil shale or tar sand deposits can be modified for application to diatomite oil deposits. One pilot plant operated successfully during 1982 and the first quarter of 1983 and is now on standby. A second pilot plant using a different method is scheduled for operation in 1984.

Transportation Facilities

At December 31, 1983, Getty owned approximately 4,020 miles of crude oil gathering and trunk line pipelines located principally in California, Kansas, Montana, North Dakota, Oklahoma, Texas, Utah and Wyoming. At yearend 1983, Getty owned approximately 810 miles of products, natural gas liquids and natural gas pipelines. In addition, at December 31, 1983, Getty owned varying interests in pipelines or companies owning pipelines totaling approximately 10,370 miles. These pipelines consist primarily of trunk lines used for transportation of crude oil, petroleum products and natural gas liquids located in Colorado, Kansas, offshore Louisiana, Montana, New Mexico, Oklahoma, Texas and Canada.

At December 31, 1983, Getty owned and operated the following marine equipment:

Operating Vessels	Number	Deadweight Tonnage	Bulk Carrying Capacity (Barrels)
Bahamian Registry	4	421,320	3,083,893
Liberian Registry	5	936,630	7,193,417
Total	9	1,357,950	10,277,310

Manufacture of Refined Products

The following tabulation shows the manufacture of refined products by Getty, including processing for others, for the years 1979 through 1983.

	1983	1982	1981	1980	1979
	(In thousands of barrels)				
Gasolines [1]	48,109	48,588	48,741	46,669	51,457
Distillates	36,635	35,087	31,512	32,612	34,816
Heavy Fuels	8,414	6,641	8,482	7,385	4,666
Petrochemicals	3,399	2,388	2,557	2,608	3,077
Other	10,573	10,147	8,450	11,008	7,510
Total	107,130	102,851	99,742	100,282	101,526

[1] In addition to motor gasolines, includes light aromatics, mixed olefins and light naphthas.

Refining Facilities
Getty owns refineries located at Bakersfield, California, Delaware City, Delaware, and El Dorado, Kansas. Information concerning Getty's interest in the refinery in the Partitioned Zone is set forth under the caption "Partitioned Zone" on page I-5. Daily average crude oil and cracking capacities of Getty's domestic refineries at December 31, 1983, are shown in the following tabulation compared with actual crude runs during 1983.

	Rated Capacity at December 31, 1983 Barrels/Calendar Day		Actual Throughput Year Ended December 31, 1983 [1]	
	Crude	Cracking [2]	Barrels Per Day Crude	Barrels Per Day NGL and Other
Bakersfield	50,900	—	29,568	965
Delaware City	140,000	116,500	126,193	3,278
El Dorado	80,600	40,645	70,181	15,577

[1] Crude and black oil.
[2] Fresh feed.

Construction of a low pressure, continuous catalyst regeneration reforming unit at the Delaware Refinery was completed during the third quarter of 1983 at a total cost of approximately $118 million.

Chemicals and Petrochemicals
Getty's chemical operations include facilities for the manufacturing of resin compounds for the building industry and fertilizer for the agricultural market. Getty also has a 50 percent interest in Chemplex Company, a joint venture with American Can Company, which manufactures high- and low-density polyethylene. Petrochemicals are produced at Getty's El Dorado, Kansas, and Delaware City, Delaware refineries. A 100-million-gallon per year methanol plant at the Delaware Refinery began operations in the second quarter of 1983.

Natural Gas Plants
At December 31, 1983, Getty held interests in 67 operating natural gas processing plants in the United States. These plants are located in Alabama, California, Kansas, Louisiana, Mississippi, New Mexico, Oklahoma and Texas. The plants produce natural gas liquids, including ethane, propane, iso and normal butane, and natural gasoline. The products are extracted from proprietary lease production and from gas which is committed to the plants under contracts of varying terms with other gas producers. The contracts with other gas producers typically allocate about 40 percent of the liquids to the interest of the producers with the balance to the plant owners.

Getty's share of natural gas liquids produced from wholly and partially owned domestic natural gas plants in 1983, 1982 and 1981 was 17,291,000, 17,382,000, and 17,273,000 barrels, respectively.

The natural gas liquids production data given above represent the plant production and, where applicable, the plants' share of fractionating plant production multiplied by Getty's ownership interest. The reported plant production has not been reduced for the portion allocable to the producer of the gas under terms of the purchase contracts.

Marketing Facilities
At December 31, 1983, Getty marketed its petroleum products in 28 states under the "Getty," "Mohawk," "Skelly" or "Surfco" trademarks, or on an unbranded basis. LPG was marketed under the "Skelgas" trademark in 14 states in the central United States through 115 direct marketing branches and 70 wholesale distributors. Fertilizer was marketed under the "Skelgro" trademark at 42 of these branches.

At December 31, 1983, Getty owned or leased 871 service stations, 379 of which were operated by Getty. Branded gasoline was also sold through 855 dealers under contract and 2,672 jobber and distributor retail accounts. Getty owns or leases 19 bulk plants and terminals from which service station and consumer accounts were supplied.

Real Estate

Getty owns approximately 112,000 acres of fee land in various locations, primarily in California, which are not involved in petroleum operations. Almonds, apples, citrus, olives and pistachios are grown in orchards on approximately 9,000 acres. Grapes are grown in vineyards on approximately 10,000 acres. Most of the remaining acreage is leased for row crop production, grazing or commercial uses. In addition, Getty owns in fee approximately 75,000 acres and holds a long-term lease on approximately 7,000 acres of timberlands in Louisiana.

Getty owns a 15-story office building in Tulsa, Oklahoma, which serves as the headquarters for one of its subsidiaries. An insurance subsidiary owns a five-story building in Overland Park, Kansas, which serves as the headquarters for the insurance subsidiaries.

Insurance Subsidiaries

The principal insurance subsidiary, Employers Reinsurance Corporation ("Employers"), is a multiple line property and casualty reinsurer which writes all types of reinsurance other than title, life and annuities. Employers is the parent of two life insurance companies, National Fidelity Life Insurance Company and The Centennial Life Insurance Company; and a property and casualty reinsurer, First Excess and Reinsurance Corporation. Effective January 6, 1984, Employers sold its interest in Toplis and Harding, Inc., an insurance adjusting and surveying firm.

Cable Television

Getty holds approximately an 85 percent interest in a subsidiary Cable Enterprises, Inc. ("Cable"), which owns Entertainment and Sports Programming Network, Inc. ("ESPN"). ESPN is an advertiser-supported cable network which features sports programming via satellite on a 24-hour-a-day basis. In late 1983 ABC Video Enterprises, Inc., exercised options to acquire a 15 percent interest in ESPN. Effective in 1984, Cable will own 85 percent of ESPN.

The statements as to the character of ownership of, or the manner of holding, the properties referred to above are based upon Getty's records but no examination of titles has been made for the purpose of this statement. While the titles to particular properties are subject to various defects or encumbrances, in some cases deliberately accepted, Getty knows of no such defects or encumbrances which are of material importance to the total enterprise. There have been no changes in properties or reserves which are deemed material since the compilation of the foregoing information.

Item 3. Legal Proceedings.
By a series of orders issued by the Federal Energy Regulatory Commission ("FERC") in Docket No. RM79-22, FERC has established a policy concerning the charging of Natural Gas Policy Act of 1978 ("NGPA") rates on the basis of so-called "area rate" type price escalation clauses contained in natural gas sales contracts. FERC has also implemented a protest procedure whereby the gas purchasers under such contracts, as well as other interested parties, may challenge a seller's contractual authority to charge and collect the higher NGPA rates. As of December 31, 1983, protests had been filed challenging sales price increases made by Getty under 275 of Getty's natural gas sales contracts involving an estimated 93 billion cubic feet of natural gas per year. Most of these protests were filed by parties other than purchasers under the contracts. Getty is opposing the protests that have been filed and has intervened in the following cases wherein petitions for review of the FERC orders involved were filed on May 11, 1979: Associated Gas Distributors et al. vs. FERC, Case No. 79-1276, U.S. Court of Appeals for the D.C. Circuit; and Pennzoil Company et al. vs. FERC, Case No. 79-1602, U.S. Court of Appeals for the Fifth Circuit. These two cases were consolidated in the Fifth Circuit which upheld the validity of the FERC orders. By 18 separate orders entered at various times during 1980 and 1981, FERC administrative law judges dismissed third party protests relating to a total of 262 Getty contracts. These 18 orders were appealed to the full FERC, and on March 3, 1982, FERC remanded all of the proceedings to the administrative law judges with instructions and guidelines for further review. Since the remand, administrative law judges, following the instructions and guidelines of FERC, have dismissed protests as to all of the Getty contracts. No appeal was taken as to 118 of the Getty contracts and the dismissal orders have become final. Protests regarding the remaining contracts still are pending on appeal to the full FERC. Getty believes that the remaining protest proceedings are not material and they will not be reported in the future.

For a discussion of additional legal proceedings, see NOTE 12 to the consolidated financial statements beginning on page IV-17.

Item 4. Submission of Matters to a Vote of Security Holders.
Omitted pursuant to General Instruction J of Form 10-K.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

(a) Market Information

Getty's Common Stock, without par value, was traded on the New York and Pacific Stock Exchanges through February 17, 1984. The high and low market prices listed below are from the New York Stock Exchange, the principal market for Getty's Common Stock.

	Market Prices			
	1983		1982	
Quarter Ended	High	Low	High	Low
March 31	$ 60-1/4	$48-1/4	$64-5/8	$41-1/4
June 30	72-1/2	58-1/2	54-7/8	44
September 30	70-1/2	61-1/2	57-1/4	43
December 31	100-1/2	66-1/2	64-7/8	44-1/4

(b) Approximate Number of Equity Security Holders

Title of Class	Approximate Number of Holders of Record, as of March 1, 1984
Common Stock, $100 Par Value	One

(c) Dividends

Dividends have been declared on a quarterly basis. The amount of cash dividends on a per quarter basis in 1982 and 1983 are shown below.

	Dividends Per Share	
Quarter Ended	1983	1982
March 31	$.65	$.60
June 30	.65	.65
September 30	.65	.65
December 31	.65	.65

Item 6. Selected Financial Data.

Omitted pursuant to General Instruction J of Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Management's Discussion and Analysis of the Results of Operations pursuant to General Instruction J of Form 10-K is found on page IV-33. Management's Discussion and Analysis of Financial Condition is omitted pursuant to General Instruction J of Form 10-K.

Item 8. Financial Statements and Supplementary Data.
The consolidated financial statements and financial statement schedules of the Registrant begin on page IV-4 and are listed in the index on page IV-1 as part of Item 14.(a).

Item 9. Disagreements on Accounting and Financial Disclosure.
Not applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Omitted pursuant to General Instruction J of Form 10-K.

Item 11. Management Compensation.

Omitted pursuant to General Instruction J of Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Omitted pursuant to General Instruction J of Form 10-K.

Item 13. Certain Relationships and Related Transactions.

Omitted pursuant to General Instruction J of Form 10-K.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) Documents Filed as Part of this Report

List of Financial Statements and Financial Statement Schedules

NOTES:

[1] Due to the dissimilar nature of Getty's business and that of its insurance operations, Getty accounts for its investment in its insurance operations by the equity method. Employers' financial statements are included since it is the only significant insurance subsidiary.

[2] All schedules, except the above, have been omitted as not required, not significant, or because the required information is shown in the notes to the consolidated financial statements.

[3] Individual financial statements of 50 percent or less owned companies, for which Getty recognizes its equity share of earnings or losses, have been omitted since none qualify as significant subsidiaries.

List of Exhibits

Exhibit 3.1 — Certificate of Incorporation of Getty Oil Company as currently in effect.

Exhibit 3.2 — By-laws of Getty Oil Company as currently in effect.

Exhibit 4.1 — Indenture, dated as of April 1, 1956, between Tidewater Oil Company (merged into Registrant in 1967) and The Chase Manhattan Bank, as Trustee, regarding the Thirty-Year 3-1/2 percent Sinking Fund Debentures, due April 1, 1986 ("Debentures"), and the First Supplemental Indenture, dated as of September 30, 1967, between Registrant and The Chase Manhattan Bank, N.A., as Trustee, pertaining to the assumption by Registrant of the Debentures. Copies of said documents are not filed herewith as Registrant agrees to furnish copies of said documents to the Commission upon request, pursuant to Regulation S-K, Item 601(b)(4)(iii).

Exhibit 4.2 — Form of Indenture (including Form of Note) dated as of July 15, 1980, between Getty Oil Company and The Chase Manhattan Bank (National Association), as Trustee, regarding Registrant's Seven-year 10 percent Notes due July 15, 1987, (included as Exhibit 2 of the Registration Statement on Form S-16 of Getty Oil Company (Registration No. 2-68529) filed on July 21, 1980, and incorporated herein by this reference).

Exhibit 4.3 — Fiscal Agency Agreement (including Form of Note) dated as of May 1, 1982, among Getty Oil International (Caribbean) N.V. ("Getty Caribbean"), a wholly owned subsidiary of Registrant, Getty Oil Company, as Guarantor, and The Chase Manhattan Bank (National Association), as Fiscal Agent, regarding Getty Caribbean's Seven-Year 14 percent Notes due May 1, 1989. Copies of said document are not filed herewith as Registrant agrees to furnish copies of said document to the Commission upon request, pursuant to Regulation S-K, Item 601(b)(4)(iii).

Exhibit 4.4 — Revolving Credit Agreement (including Form of Note) dated as of July 1, 1982, as amended and currently in effect, among Getty Oil Company, Getty Capital Corporation, a wholly owned subsidiary of Registrant, and The Chase Manhattan Bank (National Association), as Agent for the participating banks. Copies of said document are not filed herewith as Registrant agrees to furnish copies of said document to the Commission upon request, pursuant to Regulation S-K, Item 601(b)(4)(iii).

Exhibit 4.5 — Indenture (including Form of Note) dated as of July 15, 1982, between Getty Oil Company and The Chase Manhattan Bank (National Association), as Trustee, regarding Registrant's Three-year 13-7/8 percent Notes due July 15, 1985. Copies of said document are not filed herewith as Registrant agrees to furnish copies of said document to the Commission upon request, pursuant to Regulation S-K, Item 601(b)(4)(iii).

Exhibit 4.6 — Form of Indenture dated as of September 15, 1982, between Getty Oil Company and Bank of America National Trust and Savings Association, as Trustee (included as Exhibit 4.1 of the Registration Statement on Form S-3 of Getty Oil Company (Registration No. 2-79300) filed on September 13, 1982, and incorporated herein by this reference).

Exhibit 10.1 — Deferred Compensation Plan for Directors of Getty Oil Company (included as Exhibit 10.1 of Registrant's 1981 Annual Report on Form 10-K (Commission file number 1-771) and incorporated herein by this reference).

Exhibit 10.2 — Bonus Compensation Plan of Getty Oil Company (included as Exhibit 10.2 of Registrant's 1982 Annual Report on Form 10-K (Commission file number 1-771) and incorporated herein by this reference).

Exhibit 10.3 — Supplemental Group Life Insurance Plan for Employees at 750 Points or above of Getty Oil Company and Designated Subsidiaries (included as Exhibit 10.3 of Registrant's 1982 Annual Report on Form 10-K (Commission file number 1-771) and incorporated herein by this reference).

Exhibit 10.4 — Getty Oil Company Stock Option Plan (included as Exhibit 10.4 of Registrant's 1981 Annual Report on Form 10-K (Commission file number 1-771) and incorporated herein by this reference).

Exhibit 10.5 — Pension Restoration Plan for Certain Employees of Getty Oil Company as of January 1, 1976, (included as Exhibit 10.1 of Registrant's 1980 Annual Report on Form 10-K (Commission file number 1-771) and incorporated herein by this reference).

Exhibit 10.6 — Health Inventory Program for Getty Oil Company Employees Evaluated at or above 750 Points (included as Exhibit 10.4 of Registrant's 1980 Annual Report on Form 10-K (Commission file number 1-771) and incorporated herein by this reference).

Exhibit 10.7 — Long Term Disability Plan for Management (750 Points and above), (included as Exhibit 10.5 of Registrant's 1980 Annual Report on Form 10-K (Commission file number 1-771) and incorporated herein by this reference).

Exhibit 10.8 — Supplemental Medical Expense Plan for Getty Oil Company Officers Evaluated at or above 2000 Points, (included as Exhibit 10.7 of Registrant's 1980 Annual Report on Form 10-K (Commission file number 1-771) and incorporated herein by this reference).

Exhibit 10.9 — Travel Accident Insurance Plan for Employees of Getty Oil Company in Positions at or above 750 Points, (included as Exhibit 10.8 of Registrant's 1980 Annual Report on Form 10-K (Commission file number 1-771) and incorporated herein by this reference).

Exhibit 10.10 — Financial Counseling Program for the Principal Officers of Getty Oil Company (included as Exhibit 10.10 of Registrant's 1982 Annual Report on Form 10-K (Commission file number 1-771) and incorporated herein by this reference).

Exhibit 10.11 — Thrift Restoration Plan for Certain Employees of Getty Oil Company, as currently in effect.

Exhibit 10.12 — Form of Employment Agreement dated as of May 16, 1983, as amended effective January 6,1984, between Registrant and nine executive officers, including Registrant's five most highly compensated executive officers, together with a schedule summarizing individual employment agreements between Registrant and Messrs. Sidney R. Petersen, Robert N. Miller, Paul E. Carlton, Bill E. Williams and Ralph D. Copley, Jr.

Exhibit 22.1 — Omitted pursuant to General Instruction J of Form 10-K.

Exhibit 24.1 — Consent of Arthur Andersen & Co.

Exhibit 24.2 — Consent of Arthur Young & Company.

Exhibit 24.3 — Consent of DeGolyer and MacNaughton.

Exhibit 25.1 — Powers of Attorney.

(b) Reports on Form 8-K

During the fourth quarter of 1983, Registrant filed one report on Form 8-K, dated October 19, 1983, which reported information under Item 5, "Other Events", and Item 7, "Financial Statements, Pro Forma Financial Information and Exhibits."

CONSOLIDATED STATEMENT OF INCOME

	Years ended December 31 1983	1982	1981
	(In thousands except per share amounts)		
Revenues			
Sales, including consumer excise taxes of $210,198 in 1983, $138,458 in 1982 and $150,481 in 1981, and operating revenue	$11,810,222	$12,109,188	$13,037,841
Interest and other income	122,358	190,547	148,894
Equity earnings of unconsolidated companies	84,448	95,912	64,825
	12,017,028	12,395,647	13,251,560
Costs and expenses			
Crude oil and product costs	5,765,815	5,683,717	6,329,027
Operating expenses	1,790,661	1,972,182	1,882,918
Selling, general and administrative expenses	391,599	355,780	282,686
Exploratory costs, including dry holes, geological and geophysical, and undeveloped lease amortization	441,627	666,361	506,112
Depreciation and depletion	823,463	798,045	621,804
Interest expense	171,928	162,269	78,905
Excise, property and other operating taxes	716,852	940,632	1,205,185
	10,101,945	10,578,986	10,906,637
Income before special provision and income taxes	1,915,083	1,816,661	2,344,923
Provision for crude oil pricing and related tax issue, including interest	344,000	—	—
Income before income taxes	1,571,083	1,816,661	2,344,923
Income taxes on income before special provision	1,170,769	1,125,071	1,488,058
Income tax credit on special provision	(94,000)	—	—
	1,076,769	1,125,071	1,488,058
Net income	$ 494,314	$ 691,590	$ 856,865
Income per average common share	$ 6.24	$ 8.61	$ 10.42

The accompanying notes are an integral part of this statement.

CONSOLIDATED BALANCE SHEET

	On December 31 1983 (In thousands)	1982
Assets		
Current assets		
Cash	$ 99,896	$ 81,312
Marketable securities, at the lower of cost or market	478,775	389,680
Notes and accounts receivable, less allowances	1,226,796	1,023,865
Inventories, at the lower of cost or market		
Crude oil, refined and other products (principally last in, first out)	164,010	217,861
Materials and supplies	190,561	226,356
Other current assets	119,276	103,962
Total current assets	2,279,314	2,043,036
Investments, advances and deferred charges	1,209,439	1,085,810
Property, plant and equipment, at cost, less accumulated depreciation, depletion and amortization	6,896,297	6,795,644
Total assets	$10,385,050	$9,924,490
Liabilities, redeemable preferred stock and common stockholders' equity		
Current liabilities		
Current portion of long-term debt	$ 59,443	$ 38,303
Notes payable	417,468	6,175
Accounts payable	1,097,067	964,319
Accrued liabilities	153,359	190,593
Accrued taxes on income	611,516	747,450
Accrued excise, property and other operating taxes	66,115	52,006
Total current liabilities	2,404,968	1,998,846
Long-term debt	796,813	1,260,043
Deferred income taxes	1,166,388	1,199,264
Deferred credits	138,057	115,359
Other long-term liabilities	458,444	232,747
Total liabilities	4,964,670	4,806,259
Redeemable preferred stock	17,673	17,673
Common stockholders' equity	5,402,707	5,100,558
Total liabilities, redeemable preferred stock and common stockholders' equity	$10,385,050	$9,924,490

Note: Getty utilizes the successful efforts method of accounting for oil and gas activities.

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Years ended December 31 1983	1982 (In thousands)	1981
Working capital provided from operations consisted of			
Net income	$ 494,314	$ 691,590	$ 856,865
Depreciation and depletion	823,463	798,045	621,804
Dry-hole costs and amortization of undeveloped leases	235,932	454,501	326,525
Deferred income taxes	(67,856)	155,538	287,540
Undistributed earnings of unconsolidated subsidiaries and affiliates	(42,009)	(79,358)	(52,159)
Provision for crude oil pricing and related tax issue, including interest	344,000	—	—
	1,787,844	2,020,316	2,040,575
Working capital was used for			
Capital expenditures, including dry-hole costs	1,223,319	1,859,967	1,975,112
Acquisition	—	—	70,000
Reduction of long-term debt	485,419	52,402	54,020
Investments, advances and deferred charges	64,342	79,382	13,371
Purchase of Getty preferred stock	—	783	806
Purchase of Getty common stock	—	147,601	11,571
Other long-term liabilities and credits	60,447	(669)	(22,312)
Payment of dividends to company stockholders	206,592	205,342	189,917
Foreign currency translation adjustment	3,029	1,422	—
	2,043,148	2,346,230	2,292,485
Which resulted in a working capital reduction of	(255,304)	(325,914)	(251,910)
This working capital reduction was offset, or partially offset, by			
Dispositions of property, plant and equipment	63,271	85,785	46,034
Proceeds from long-term borrowings	22,189	672,441	68,369
Working capital acquired from acquisition	—	—	9,146
	85,460	758,226	123,549
Which resulted in a net working capital increase (decrease) of	$ (169,844)	$ 432,312	$ (128,361)
Working capital changes consisted of			
Increase (decrease) in current assets:			
Cash	$ 18,584	$ 6,923	$ 4,798
Marketable securities	89,095	4,728	(68,181)
Notes and accounts receivable	202,931	(232,628)	119,217
Inventories	(89,646)	(11,848)	107,980
Other current assets	15,314	(48,661)	(2,360)
	236,278	(281,486)	161,454
Decrease (increase) in current liabilities:			
Current portion of long-term debt	(21,140)	(3,494)	6,980
Notes payable	(411,293)	362,408	(361,981)
Accounts payable and accrued liabilities	(109,623)	396,584	(273,077)
Accrued taxes on income	135,934	(41,700)	338,263
	(406,122)	713,798	(289,815)
Increase (decrease) in working capital	$ (169,844)	$ 432,312	$ (128,361)

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENT OF REDEEMABLE PREFERRED STOCK AND COMMON STOCKHOLDERS' EQUITY

	1983		1982		1981	
	Years ended December 31 (In thousands except per share amounts)					
	Shares	Amount	Shares	Amount	Shares	Amount
Redeemable preferred stock						
Authorized preferred stock, $1.20 cumulative, $25 par value	2,679		2,679		2,679	
Issued at beginning of year	1,451	$ 36,287	1,533	$ 38,333	1,615	$ 40,379
Treasury stock retired under sinking fund provisions	(82)	(2,046)	(82)	(2,046)	(82)	(2,046)
	1,369	34,241	1,451	36,287	1,533	38,333
Stock held in treasury, at par value	(662)	(16,568)	(744)	(18,614)	(772)	(19,317)
Redeemable preferred stock	707	$ 17,673	707	$ 17,673	761	$ 19,016
Common stockholders' equity						
Authorized common stock, without par value	88,531		88,531		88,531	
Issued at beginning of year	88,531	$ 495,524	88,531	$ 494,964	88,531	$ 494,390
Excess of par value over cost of preferred stock purchased and options exercised		108		560		574
Issued at end of year	88,531	495,632	88,531	495,524	88,531	494,964
Retained earnings						
Balance at beginning of year		4,900,193		4,395,388		3,728,440
Adjustment for change in method of accounting for foreign currency translation		—		18,557		—
Balance at beginning of year, as adjusted		4,900,193		4,413,945		3,728,440
Net income for the year		494,314		691,590		856,865
Cash dividends						
Preferred stock, $1.20 per share		(848)		(878)		(963)
Common stock, $2.60 per share in 1983, $2.55 per share in 1982 and $2.30 per share in 1981		(205,744)		(204,464)		(188,954)
Balance at end of year		5,187,915		4,900,193		4,395,388
Cumulative foreign currency translation adjustments		(23,008)		(19,979)		—
Equity in net unrealized gain (loss) on stocks held by unconsolidated subsidiaries		1,531		(15,747)		(4,991)
Stock held in treasury, at cost	(9,396)	(259,363)	(9,399)	(259,433)	(6,557)	(111,832)
Common stockholders' equity	79,135	$5,402,707	79,132	$5,100,558	81,974	$4,773,529

The accompanying notes are an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accounts of corporations in which Getty owns more than 50 percent of the common or voting stock (except insurance operations, see NOTE 8, and Getty's wholly owned domestic finance subsidiary) are consolidated in the financial statements, along with Getty's interests in assets, liabilities and earnings of unincorporated joint ventures. Corporations in which Getty has common or voting stock ownership of 20 percent, but not over 50 percent, are accounted for by the equity method. Getty's equity in the earnings or losses of the latter companies, insurance operations and Getty's unconsolidated finance subsidiary are included in the equity earnings of unconsolidated companies caption in the consolidated statement of income. Investments in companies in which Getty owns less than 20 percent are carried at cost, with dividends recorded in income as received.

Translation of the Accounts of Foreign Subsidiaries and Affiliates

In December, 1981, the Financial Accounting Standards Board issued Statement No. 52, "Foreign Currency Translation," which requires changes in the method of accounting for foreign currency translation. Although the statement is effective for years beginning after December 15, 1982, Getty adopted the provisions of the statement in 1982, consistent with the recommendation of the FASB. This statement requires that a functional currency be determined for each foreign subsidiary and affiliate.

For those subsidiaries and affiliates (primarily United Kingdom operations) where the United States dollar is designated as the functional currency, cash, receivables, payables, long-term debt and deferred taxes are translated at the exchange rate in effect at the end of their respective fiscal years. Inventories, other current assets, property, plant and equipment, and the related depreciation, depletion and amortization are translated at the rates which were in effect when the assets were acquired. Income and expense accounts are translated at average exchange rates for the year except for depreciation, depletion and amortization charges which are translated at the rates which were in effect when the related assets were acquired. Foreign currency translation of such accounts resulted in net foreign currency exchange gains of $26,425,000 and $45,411,000 in 1983 and 1982, respectively. Adoption of Statement No. 52 increased 1982 net income by $35,010,000 and increased January 1, 1982, retained earnings by $18,557,000. The net foreign currency exchange gain in 1981 was $37,057,000. If the provisions of Statement No. 52 had been in effect in 1981, the net foreign currency exchange gain would have been $89,725,000.

Assets and liabilities for those subsidiaries and affiliates (Canadian operations) where the local currency is designated as the functional currency are translated at the exchange rate in effect at the end of their respective fiscal years. Income and expense accounts are translated at the average exchange rates for the year. Resulting net foreign currency exchange gains or losses are recorded in a separate category within the common stockholders' equity section. The cumulative effect of translating such accounts at December 31, 1983, was to reduce common stockholders' equity by $23,008,000, of which $3,029,000 related to 1983.

Research and Development Costs

Expenditures for research and development activities are charged to expense as incurred. These amounts are not material.

Inventories

Crude oil and refined products are carried at the lower of cost (principally last in, first out) or market. Cost elements of refined products are crude oil and manufacturing costs. Materials and supplies are valued at or below cost.

Leasehold Costs

Undeveloped leasehold acquisition costs are capitalized and amortized at rates which should provide full amortization upon abandonment of unproductive leases. Costs of abandoned leases are charged to the accumulated amortization accounts and costs of productive leases are transferred to the developed property accounts.

Development Costs
Both tangible and intangible costs of drilling and developing producing wells and related facilities, including development dry holes, are capitalized and amortized on a unit-of-production basis within each operating field. Costs of developing solid mineral reserves and related facilities, including both tangible and intangible expenditures, are capitalized and amortized on a unit-of-production basis within each mining area.

Exploratory Costs
Exploratory costs, including exploratory dry holes, geological and geophysical costs, and delay rentals, are charged to expense.

Depreciation and Depletion
Depreciation and depletion of developed oil and gas properties are provided on a unit-of-production basis within each operating field. Included in depreciation and depletion are depreciable investments, intangible drilling costs and leasehold costs. The costs of other categories of property, plant and equipment are generally depreciated on a straight-line basis over the estimated useful lives of the assets.

Disposal of Property, Plant and Equipment
Upon normal retirement or replacement of oil and gas properties, the gross book value of such facilities (less salvage) is charged to the depreciation and depletion reserve and eliminated from the property accounts. Gains or losses arising from abnormal retirements or sales of oil and gas properties are credited or charged to income. Gains or losses on disposition of facilities other than oil and gas properties are credited or charged to income, except those dispositions of partial units, which are treated as adjustments to the applicable reserve accounts. These gains or losses are included in the interest and other income caption in the consolidated statement of income.

Maintenance and Repairs
Replacement costs of major portions of plant and equipment, which increase capacities or extend useful lives, are capitalized. Expenditures for maintenance, repairs and minor replacements are charged to operating expenses.

Income Taxes
Deferred income taxes are recognized for income and expense items which are reported for tax purposes in different years than for financial reporting purposes. Foreign tax credits and investment tax credits are recorded as a reduction of income tax expense in the year utilized. Getty follows the practice of filing a consolidated United States tax return which includes substantially all domestic subsidiaries in which it owns 80 percent or more of the voting stock.

Interest Capitalization
During the construction and predevelopment stages of major construction and development projects, interest expense is capitalized as part of the cost of the asset and is depreciated or depleted over the life of the asset. In 1983 Getty incurred interest expense of $206,228,000, of which $171,928,000 was expensed and $34,300,000 was capitalized. In 1982 Getty incurred interest expense of $192,769,000, of which $162,269,000 was expensed and $30,500,000 was capitalized. In 1981 Getty incurred interest expense of $92,305,000, of which $78,905,000 was expensed and $13,400,000 was capitalized.

Income per Average Common Share
Income per average common share is computed by dividing net income less preferred dividends of $848,000 in 1983, $878,000 in 1982 and $963,000 in 1981 by the average shares outstanding of 79,132,548 in 1983, 80,259,898 in 1982 and 82,136,360 in 1981.

NOTE 2
TEXACO MERGER

On February 17, 1984, Getty became an indirect wholly owned subsidiary of Texaco Inc. The purchase price for Getty's outstanding common stock amounted to approximately $10.1 billion ($128 per share). In connection with the acquisition of Getty's common stock, Texaco agreed on February 13, 1984, to a consent order with the Federal Trade Commission concerning the disposition of certain properties and also to hold separate Getty's oil and gas assets and businesses in the United States (including foreign activities to the extent involved in imports into the United States) pending final action by the FTC following a 60-day public notice period. Texaco has agreed to the divestiture of (1) substantially all of Getty's marketing activities in the Northeast; and (2) Getty's El Dorado, Kansas refinery, including related crude oil pipelines and terminals; as well as marketing, sales and transportation assets in 15 mid-western states.

NOTE 3
BASIS OF ACCOUNTING FOR SUBSIDIARIES AND AFFILIATES

On December 31, 1983, 1982 and 1981, the undistributed earnings of Getty's foreign subsidiaries were $348,019,000, $339,067,000 and $285,176,000, respectively. A substantial portion of these undistributed earnings is required to support the operations of certain subsidiaries. Management expects that any additional United States income taxes on repatriation of the undistributed earnings not required to support operations would be offset by foreign tax credits.

In prior periods, recognizing losses attributable thereto, Getty wrote down to zero its investment in Mitsubishi Oil Company, Limited, a refiner and marketer of petroleum products in Japan, and therefore discontinued recognition of its 50 percent share of Mitsubishi Oil's losses. Through March 31, 1983, the date of Mitsubishi Oil's latest audited financial statements, Getty's unrecognized share of Mitsubishi Oil's losses was $14,353,000. In 1983 and 1981, Getty received $2,497,000 and $3,295,000, respectively, in dividends from Mitsubishi Oil and recorded such dividends in income. Getty did not receive any dividends from Mitsubishi Oil in 1982.

Revenues include sales to Mitsubishi Oil of $272,106,000 in 1983, $303,590,000 in 1982 and $511,453,000 in 1981. Getty had trade receivables from Mitsubishi Oil of $70,856,000 on December 31, 1983 and $6,692,000 on December 31, 1982.

NOTE 4
EXCISE, PROPERTY AND OTHER OPERATING TAXES

Excise, property and other operating taxes for 1983, 1982 and 1981 consisted of the following:

	1983	1982 (In thousands)	1981
Federal excise	$273,563	$408,886	$ 666,678
United Kingdom Supplementary Petroleum Duty	—	159,889	170,310
Consumer excise	210,198	138,458	150,481
Severance and production	105,306	116,604	119,304
Property	52,221	49,907	44,296
Payroll and other	75,564	66,888	54,116
	$716,852	$940,632	$1,205,185

NOTE 5
PROVISION FOR INCOME TAXES

The provision for income taxes in 1983, 1982 and 1981 consisted of the following:

	1983	1982 (In thousands)	1981
Federal			
Current	$ 340,977	$ 222,399	$ 276,116
Investment tax credit	(49,567)	(71,431)	(55,414)
Deferred	73,734	151,508	246,110
	365,144	302,476	466,812
State			
Current	29,483	29,962	44,796
Deferred	1,748	9,463	9,570
	31,231	39,425	54,366
Foreign			
Current	823,732	788,603	935,020
Deferred	(49,338)	(5,433)	31,860
	774,394	783,170	966,880
Income taxes before special provision	1,170,769	1,125,071	1,488,058
Income tax credit on special provision	(94,000)	—	—
	$1,076,769	$1,125,071	$1,488,058

Deferred income taxes resulted from the following:

	1983	1982 (In thousands)	1981
Federal			
Accelerated tax depreciation in excess of book depreciation	$ 93,885	$ 80,754	$ 5,813
Book amortization on undeveloped leasehold and geophysical costs in excess of tax deduction	(19,814)	(36,240)	(49,745)
Book amortization less than (or in excess of) tax deduction on intangible drilling and developed leasehold costs	(11,874)	73,311	240,129
Other revenues and expenses recognized in different periods for book and tax purposes	11,537	33,683	49,913
	73,734	151,508	246,110
State			
Accelerated tax depreciation in excess of book depreciation	1,748	9,463	9,570
Foreign			
Accelerated tax depreciation in excess of (or less than) book depreciation	(49,225)	(5,487)	31,612
Other	(113)	54	248
	(49,338)	(5,433)	31,860
	$ 26,144	$ 155,538	$ 287,540

The following table is a reconciliation between income tax amounts and the theoretical tax amounts (computed by applying a 46 percent rate to the income before special provision and income taxes):

	1983 Amount	1983 Percent	1982 Amount	1982 Percent	1981 Amount	1981 Percent
			(Dollars in thousands)			
Income before special provision and income taxes [1]	$1,915,083		$1,816,661		$2,344,923	
Theoretical tax at statutory rate	$ 880,938	46.0	$ 835,664	46.0	$1,078,665	46.0
Foreign taxes in excess of statutory rate	355,678	18.6	368,088	20.2	445,065	19.0
Investment tax credit	(49,567)	(2.6)	(71,431)	(3.9)	(55,414)	(2.4)
State income taxes	16,865	.9	21,289	1.2	29,358	1.3
Tax effect of unconsolidated subsidiaries and affiliates	(37,515)	(2.0)	(41,713)	(2.3)	(26,585)	(1.1)
Other	4,370	.2	13,174	.7	16,969	.7
	$1,170,769	61.1	$1,125,071	61.9	$1,488,058	63.5

[1] Includes domestic pretax income of $1,004,832,000, $914,309,000 and $1,210,543,000, and foreign pretax income of $910,251,000, $902,352,000 and $1,134,380,000 for the years 1983, 1982 and 1981, respectively.

NOTE 6
INVENTORIES

The crude oil, refined and other products inventory amounts on December 31, 1983 and 1982, consisted of the following:

	1983	1982
	(In thousands)	
Crude oil	$ 242,715	$ 327,211
Refined products	343,147	452,465
Chemicals, coal and other products	85,186	87,152
LIFO reserve	(507,038)	(648,967)
	$ 164,010	$ 217,861

The excess of replacement cost over stated value of inventories, for which cost has been determined under the last-in, first-out method, approximated the LIFO reserve at yearend 1983 and 1982. During 1983, inventory quantities were reduced which resulted in a liquidation of prior years' lower cost last-in, first-out inventory quantities. This reduction increased net income by approximately $44 million, or $.56 per share.

NOTE 7
INVESTMENTS, ADVANCES AND DEFERRED CHARGES

On December 31, 1983 and 1982, investments, advances and deferred charges were as follows:

	1983	1982
	(In thousands)	
Investment in insurance operations (see NOTE 8)	$ 779,293	$ 716,351
Investments in and advances to other unconsolidated affiliates	66,101	52,760
Deferred mining costs	164,749	144,162
Certificates of deposit	65,671	62,915
Other	133,625	109,622
	$1,209,439	$1,085,810

Getty's investment in a joint venture to explore for and produce uranium in an area known as Jabiluka in the Northern Territory of Australia approximated $54,000,000 on December 31, 1983. In 1983, the Australian government placed restrictions on export sales of uranium which will delay potential development of the Jabiluka deposit for an indefinite period of time. Getty's ability to recover its investment is dependent on various factors including a change in government policy regarding export sales of uranium.

NOTE 8
INVESTMENT IN UNCONSOLIDATED INSURANCE OPERATIONS

In 1980 Getty acquired ERC Corporation, a holding company, which held the stock of Employers Reinsurance Corporation, a multiple line property and casualty reinsurer. Employers held the stock of three life insurance companies: American Defender Life Insurance Company (sold in 1982), National Fidelity Life Insurance Company and The Centennial Life Insurance Company. Due to the dissimilar nature of the insurance business and Getty's other operations, Getty accounts for its investment in insurance operations by the equity method. The condensed combined balance sheet of the insurance operations on December 31, 1983, 1982 and 1981, and the related condensed combined statement of income for the years ended December 31, 1983, 1982 and 1981, are presented below:

	1983	1982 (In thousands)	1981
CONDENSED COMBINED BALANCE SHEET			
Assets			
Investments	$1,686,072	$1,549,786	$1,440,638
Cash	6,902	7,585	8,497
Premiums and other receivables	287,537	242,438	197,504
Deferred insurance acquisition costs	132,672	133,204	152,339
Value of insurance in force	226,578	240,105	256,891
Other assets	20,333	22,988	26,532
	$2,360,094	$2,196,106	$2,082,401
Liabilities and Stockholder's Equity			
Unearned premiums	$ 133,944	$ 147,640	$ 146,919
Estimated losses and loss expenses	947,814	901,896	865,126
Future policy benefits	302,279	255,925	229,276
Other liabilities	196,764	174,294	198,399
Stockholder's equity	779,293	716,351	642,681
	$2,360,094	$2,196,106	$2,082,401
CONDENSED COMBINED STATEMENT OF INCOME			
Premiums and other income	$ 790,451	$ 790,916	$ 733,518
Expenses	721,592	695,608	648,048
Amortization of value of insurance in force	13,527	16,423	12,542
Income tax expense (benefit)	(16,287)	217	16,980
Net realized investment gains	2,156	2,905	3,197
Net income	$ 73,775	$ 81,573	$ 59,145

NOTE 9
PROPERTY, PLANT AND EQUIPMENT

The segregation of property, plant and equipment investments on December 31, 1983 and 1982, by major operating function, was as follows:

	Gross Investment	Accumulated Depreciation, Depletion and Amortization (In thousands)	Net Investment
1983			
Exploration and production	$ 8,889,409	$4,085,732	$4,803,677
Refineries and chemical plants	1,478,912	628,790	850,122
Transportation	539,546	185,006	354,540
Natural gas plants	407,351	181,069	226,282
Petroleum marketing facilities	267,543	138,493	129,050
Other facilities	660,773	128,147	532,626
	$12,243,534	$5,347,237	$6,896,297
1982			
Exploration and production	$ 8,412,310	$3,554,215	$4,858,095
Refineries and chemical plants	1,346,996	555,414	791,582
Transportation	538,811	170,222	368,589
Natural gas plants	377,283	162,695	214,588
Petroleum marketing facilities	256,105	141,097	115,008
Other facilities	548,830	101,048	447,782
	$11,480,335	$4,684,691	$6,795,644

The net investment in undeveloped oil, gas and other mineral properties included in the above table was $726,513,000 and $796,680,000 on December 31, 1983 and 1982, respectively.

It is not practical to summarize depreciation and amortization rates (which are generally applied on a straight-line basis) applicable to assets other than exploration and production (see NOTE 1) because of the variety of properties and numerous rates used. These rates are reviewed annually and are revised as deemed necessary.

NOTE 10
DEBT

Throughout 1983, a $350,000,000 revolving credit agreement was available to either Getty or its wholly owned domestic unconsolidated finance subsidiary. In addition, Getty entered into a separate revolving credit agreement for $1,500,000,000 in October, 1983, which was terminated as of December 31, 1983. Neither of these credit agreements were used in 1983.

At yearend 1983, Getty classified $266,808,000 in demand notes payable to its unconsolidated finance subsidiary as short term. Prior to yearend 1983, similar borrowings were classified as long term, including $340,700,000 as of yearend 1982, since Getty intended to refinance the borrowings on a long-term basis. The maximum short-term debt outstanding was $417,468,000 during 1983 and $369,000,000 during 1982.

Short-term borrowings by Getty's finance subsidiary during 1983 and 1982 were in the form of commercial paper and demand notes with average outstanding balances of $287,000,000 and $487,000,000, respectively. Weighted average interest rates and maximum short-term debt outstanding in the subsidiary were nine percent and $575,000,000 in 1983 and 12.7 percent and $775,000,000 in 1982.

Long-term debt on December 31, 1983 and 1982, consisted of the following:

	1983	1982
	(In thousands)	
Notes payable, 8.61 percent (variable), due on demand	$ —	$ 340,700
Notes payable, 10 percent, due July 15, 1987	300,000	300,000
Notes payable, 13.875 percent, due July 15, 1985	200,000	200,000
Notes payable, 14 percent, due May 1, 1989	125,000	125,000
Notes payable, 9.95 percent, due 1985 to 1986	67,000	100,000
Notes payable, 12 percent, due 1986 to 1991	—	60,000
Notes payable, 10 percent, due 1985 to 1991	35,000	40,000
Non-interest-bearing loans for gas exploration or development, payable within an estimated two to four years from future production	13,139	28,634
Industrial revenue bonds, 4.2 to 5.5 percent, due 1985 to 1998	21,380	23,403
Other	35,294	42,306
	$796,813	$1,260,043
Current portion of long-term debt not included above	$ 59,443	$ 38,303

Maturities of long-term debt, net of current portion, are $262,802,000 in 1985, $52,924,000 in 1986, $309,070,000 in 1987 and $6,280,000 in 1988.

NOTE 11
PENSION PLANS

Getty and certain subsidiaries have several pension and retirement plans which provide for the funding of the costs of prior and current service through trust funds and insurance contracts. The funds are administered by independent trustees and cover substantially all employees. The companies generally bear the entire cost of the plans and may modify or discontinue the plans at any time. Expenses related to retirement plans in 1983, 1982 and 1981 were $45,846,000, $49,992,000, and $38,371,000, respectively.

The total amount of prior service costs as of the most recent valuation date, January 1, 1983, of $68,328,000 is being amortized in accordance with the Employee Retirement Income Security Act of 1974 guidelines. The assets of the pension funds are sufficient to cover the actuarially computed value of vested benefits under the plans. The standards utilized by Getty and certain subsidiaries for funding the pension and retirement plans satisfy the minimum funding requirements prescribed by ERISA.

A comparison of accumulated plan benefits and plan net assets for Getty's defined benefit plans is presented below:

	On January 1 1983	1982
	(In thousands)	
Actuarial present value of accumulated plan benefits:		
Vested	$455,132	$421,657
Nonvested	31,110	27,452
	$486,242	$449,109
Plan net assets available for benefits	$611,452	$486,581

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was seven percent for 1983 and 1982.

NOTE 12
LITIGATION

On October 7, 1977, the Department of Energy ("DOE") issued a Decision and Order alleging that Getty had violated price regulations governing the sale of crude oil. The Decision and Order requires Getty to pay approximately $85 million, plus interest, to the United States Treasury. The allegations, on which the Decision and Order was based, arise from the DOE's conclusion that separate crude oil purchase and sale agreements were an exchange agreement. The purchase and sale agreements in question were entered into prior to the adoption of the regulations allegedly violated. One agreement provided for the sale by Getty of approximately 25,000 barrels per day of domestic crude oil. Under a second agreement, foreign crude oil was purchased by Getty abroad, which oil was resold and never entered the United States. The Decision and Order concludes that the "price" received for the domestic crude oil sold was the value of the foreign crude oil purchased by Getty, causing such sales of domestic crude oil to exceed ceiling prices during the period October, 1973, through January, 1976. Getty filed a complaint on November 8, 1977, in the United States District Court for the District of Delaware, seeking a review of the administrative action, injunctive relief and a declaratory judgment. The United States of America was joined as a party defendant and filed an answer and counterclaim in which it alleged that the ceiling price violation was approximately $36 million in addition to the $85 million previously claimed. On July 7, 1983, the court issued an opinion which upheld the DOE's findings that there had been a ceiling price violation; however, the court also found that the Decision and Order included amounts attributable to findings by the DOE which were not supported by substantial evidence. No opinion was issued in regard to the counterclaim filed by the United States of America. On September 20, 1983, the court entered a final order which granted judgment against Getty in the amount of $133,220,294 plus interest from September 16, 1983, to the date of the order and severed and remanded the counterclaim to the DOE for further proceedings. On October 18, 1983, Getty filed a Notice of Appeal of the judgment with the Temporary Emergency Court of Appeals. In the remand proceeding before the Office of Hearings and Appeals of the DOE, the Economic Regulatory Administration has filed a motion to modify the October 7, 1977 Decision and Order alleging additional excess consideration in the amount of $27.6 million plus interest in the amount of $28.7 million through September 30, 1983. In the second quarter of 1983 Getty made a $250 million after-tax provision for this item and a related tax issue.

On February 22, 1977, Emanuel G. Rosenblatt filed suit in the Court of Chancery of the State of Delaware in and for New Castle County alleging,among other things, that Getty used its domination and control over Skelly Oil Company ("Skelly") and Mission Corporation ("Mission") in a breach of its fiduciary duties to former Skelly and Mission shareholders to arrive at a stock exchange ratio that did not fairly compensate those shareholders in the merger of Skelly and Mission into Getty. By order of the Court, Plaintiff represents a class composed of shareholders of Skelly, other than Getty and shareholders electing not to join in the class, as of January 31, 1977. Judgment was entered in favor of Getty on October 20, 1983. Notice of appeal was filed with the Supreme Court of Delaware on November 17, 1983.

On December 10, 1981, an amended complaint was filed by Washington Public Power Supply System in the United States District Court, Western District of Washington, which alleges that Getty (the original complaint did not name Getty as a defendant) and nine other defendants unlawfully combined, conspired and contracted together in restraint of trade and commerce in the mining, milling and sale of uranium in violation of the Sherman Antitrust Act to the damage of plaintiff in an unstated amount. The complaint seeks injunctive relief, treble damages, costs and attorneys' fees.

On January 19, 1983, Getty filed a complaint in the United States District Court for the Southern District of New York against Kuwait Petroleum Company, Kuwait National Petroleum Company, Kuwait Oil Company, Kuwait Wafra Oil Company and the State of Kuwait. This action seeks (a) a declaratory judgment that Getty has been entitled since 1977 and will be entitled in the future to 50 percent of all oil extracted from the Partitioned Zone; (b) damages resulting from takings of oil by Defendants in excess of their 50 percent interest; and (c) injunctive relief restraining Defendants from taking more than 50 percent of the oil from the Partitioned Zone. Defendants filed an answer and counterclaim on March 21, 1983, in which Defendants deny that Getty is entitled to any of the relief sought in its complaint and assert various counterclaims. The Defendants seek, among other things, payment by Getty to the Defendants of an amount of at least $230 million for an alleged imbalance in Eocene crude oil liftings and further unspecified actual and punitive damages. On May 11, 1983, Getty responded to Defendants' counterclaim asserting that Defendants are not entitled to any of the relief sought by their counterclaim and that judgment on the counterclaims should be entered in favor of Getty and against Defendants.

In a complaint filed January 10, 1984, in the Court of Chancery of the State of Delaware in and for New Castle County, Pennzoil Company ("Pennzoil") alleges a claim for breach of contract against Getty, Gordon P. Getty, Trustee of the Sarah C. Getty Trust (the "Trustee"), and the J. Paul Getty Museum (collectively, the "Getty Parties"). The alleged factual basis of this action is Pennzoil's claim that it had an agreement with the Getty Parties, by which it and the Trustee would become the sole owners of Getty on a 3/7's-4/7's basis, respectively. Pennzoil claims to have suffered damages of no less than $7 billion as a result of this alleged breach of contract. The complaint was subsequently amended to include a count of common law fraud. As amended, the complaint seeks no less than $7 billion in punitive damages in addition to compensatory damages. Based on the opinion of counsel, management believes Getty will ultimately prevail on the merits.

Getty is contesting and will vigorously defend the claims described above. It is not anticipated that there will be a final disposition of most of these contested matters for several years. While adverse decisions in some of the litigated matters described above, and other litigation, judicial and administrative proceedings to which Getty is a party, might have a significant effect on the operations of Getty, management is of the opinion that the final disposition thereof should not have a material effect on Getty's financial position.

NOTE 13
COMMITMENTS AND CONTINGENT LIABILITIES

Total rental expense included in the consolidated statement of income was $76,545,000 in 1983, $68,603,000 in 1982 and $55,774,000 in 1981, net of subleases of $16,935,000, $18,118,000 and $18,042,000, respectively. Minimum annual rentals under long-term leases, principally for service stations, but excluding oil and gas leases, are estimated at $27,838,000 in 1984.

Subsequent to 1984, estimated total rentals under existing noncancellable contracts are estimated at $78,910,000. Financing leases or arrangements, as defined in Statement of Financial Accounting Standards No. 13, are not material.

In March, 1982, Getty entered into various agreements with another party to develop jointly a 36-story office building in Universal City, California. The estimated total cost of the project is $115 million. The agreements require Getty to advance one-half of the cost of developing the project and provide an option for Getty to assume a 50 percent joint venture interest in the ownership and operations of the project, or receive back on December 31, 1986, the funds advanced. A space lease agreement and amendment thereto require Getty to lease 580,777 of the 750,000 rentable square feet for an initial term of 20 years at a yearly rental rate of approximately $30 per square foot (including estimated operating costs and taxes). The rent is also subject to CPI adjustments. The building was still under construction on December 31, 1983.

Getty's operations are subject to various governmental and regulatory controls at federal, state and local levels, and to possible actions by certain foreign governments which could increase costs and taxes and which may have an adverse effect on Getty but are, by their nature, unpredictable. Getty also has other contingent liabilities arising in the ordinary course of business including litigation, other than the litigation described in NOTE 12, various administrative proceedings by governmental authorities under federal, state or local laws, rules or regulations, claims and contractual agreements. In the opinion of Getty management, such contingent liabilities will not result in any loss which would materially affect Getty's financial position.

NOTE 14
REDEEMABLE PREFERRED STOCK

Under the sinking fund provisions of the preferred stock, Getty is required to redeem 40,917 shares of its $25 par value stock on January 10 and July 10 of each year through the year 2000. The sinking fund provisions may be satisfied from treasury stock previously purchased on the open market and, accordingly, 81,834 treasury shares were retired during each of the years 1983, 1982 and 1981. Getty's Certificate of Incorporation prohibits the reissuance or resale of preferred shares that have been redeemed or retired or for which credit has been taken against the sinking fund provisions. On December 31, 1983, Getty held 662,807 shares in treasury.

On February 15, 1984, Getty called for the redemption on March 19, 1984, of all publicly held preferred stock of the company at the price of $25 per share plus accrued dividends of $.2275 per share. Getty deposited on February 16, 1984, the aggregate redemption price plus the amount of accrued dividends with the redemption agent in trust for the holders of preferred stock. Upon deposit, such holders ceased to be preferred stockholders of Getty.

NOTE 15
STOCK OPTION PLAN

The Stock Option Plan adopted in 1981 provides that nonqualified options, having a maximum life of 10 years, may be granted to key employees to purchase Getty common shares at prices not less than 100 percent of the fair market value on date of grant. On December 31, 1983, there were 272,000 shares under option. Of these, 165,600 have an option price of $70 per share; 97,700 have an option price of $68 per share; 4,300 have an option price of $60 per share; 1,400 have an option price of $55.875 per share; and 3,000 have an option price of $48 per share. Options become exercisable with respect to a maximum of 25 percent of the shares subject to the option on the second anniversary of the date of grant, and with respect to a maximum of an additional 25 percent of such shares subject to the option on each of the fourth, fifth and sixth anniversaries of the date of grant. During 1983, 2,550 shares were exercised at an option price of $70 with an average fair market value on the dates of exercise of $95.71 per share and an aggregate fair market value of $244,000. On December 31, 1983, 997,450 shares were reserved in the company's treasury for stock options.

In February, 1984, pursuant to the merger agreement by and between Texaco and Getty, all outstanding stock options were deemed exercisable and all stock option recipients received a cash payment. The cash payment was based on the difference between $128 per share (merger consideration) and the option price and included a comparable cash award. Aggregate payments for the stock options and cash awards totaled $32,334,000.

NOTE 16
SEGMENTED COMPANY OPERATIONS

Revenue, operating income and other related data on a segmented basis for the years ended December 31, 1983, 1982 and 1981, were as follows:

		1983	1982 (In thousands)	1981
Sales, including consumer excise taxes and operating revenue				
Petroleum:	Domestic	$ 9,696,461	$ 9,730,655	$10,455,702
	North Sea	771,265	819,990	861,325
	Other foreign	1,068,508	1,298,665	1,438,286
Other:	Domestic	273,988	259,878	282,528
		$11,810,222	$12,109,188	$13,037,841
Intersegment and intergeographic sales at market (not included above)				
Petroleum:	Domestic	$ 26,846	$ 3,411	$ 24,236
	North Sea	—	60,883	108,081
	Other foreign	1,006,684	1,000,732	992,032
		$ 1,033,530	$ 1,065,026	$ 1,124,349
Operating income				
Petroleum:	Domestic	$ 1,146,620	$ 1,026,400	$ 1,244,446
	North Sea	589,890	478,310	599,914
	Other foreign	288,596	364,276	467,138
Other:	Domestic	(77,309)	(58,131)	(19,378)
	Foreign	(14,549)	(16,687)	(16,179)
		1,933,248	1,794,168	2,275,941
Equity earnings of insurance operations		73,775	81,573	59,145
Interest expense		(171,928)	(162,269)	(78,905)
General revenues		131,260	160,148	139,201
General expenses		(51,272)	(56,959)	(50,459)
Income before special provision and income taxes		$ 1,915,083	$ 1,816,661	$ 2,344,923
Depreciation, depletion and amortization				
Petroleum:	Domestic	$ 754,923	$ 702,468	$ 497,421
	North Sea	102,960	121,583	110,186
	Other foreign	53,840	67,747	68,474
Other:	Domestic	49,944	35,403	25,338
	Foreign	991	1,297	782
		$ 962,658	$ 928,498	$ 702,201
Capital expenditures				
Petroleum:	Domestic	$ 946,638	$ 1,507,120	$ 1,616,635
	North Sea	23,805	46,550	87,942
	Other foreign	102,135	122,167	129,922
Other:	Domestic	138,860	173,583	135,152
	Foreign	11,881	10,547	5,461
		$ 1,223,319	$ 1,859,967	$ 1,975,112
Identifiable assets				
Petroleum:	Domestic	$ 7,400,178	$ 7,152,372	$ 6,524,769
	North Sea	498,445	584,729	686,800
	Other foreign	1,151,156	1,166,614	1,182,808
Other:	Domestic	1,090,351	1,051,705	899,870
	Foreign	90,892	86,325	74,975
Eliminations		(893,951)	(1,024,231)	(658,364)
Corporate assets		268,686	190,625	182,817
Investment in net assets of insurance operations		779,293	716,351	642,681
Consolidated assets		$10,385,050	$ 9,924,490	$ 9,536,356

NOTE 17
RESULTS OF OPERATIONS FROM CRUDE OIL AND NATURAL GAS ACTIVITIES

Results of operations from crude oil and natural gas activities for 1983, 1982 and 1981 consisted of the following: [1]

	Total	United States	Total Foreign	Middle East (In thousands)	North Sea	Other Foreign	Applicable to Production-Sharing Contracts [2]
1983							
Revenues							
Sales	$3,076,233	$1,807,652	$1,268,581	$343,675	$771,265	$ 98,233	$55,408
Transfers	1,271,777	1,182,068	89,709	82,526	—	7,183	—
	4,348,010	2,989,720	1,358,290	426,201	771,265	105,416	55,408
Production costs	1,310,618	1,094,175	216,443	98,978	65,452	39,067	12,946
Exploration expenses	276,266	200,235	76,031	103	11,166	52,240	12,522
Depreciation, depletion and amortization	779,272	633,070	146,202	3,624	102,773	29,665	10,140
Technical support and other [3]	125,296	84,034	41,262	29,100	1,984	10,174	4
	2,491,452	2,011,514	479,938	131,805	181,375	131,146	35,612
Results before income taxes	1,856,558	978,206	878,352	294,396	589,890	(25,730)	19,796
Provision for income taxes	1,210,031	448,415	761,616	274,213	465,232	5,493	16,678
Results of operations	$ 646,527	$ 529,791	$ 116,736	$ 20,183	$124,658	$ (31,223)	$ 3,118
1982							
Revenues							
Sales	$3,629,684	$2,235,461	$1,394,223	$409,289	$819,990	$ 86,906	$78,038
Transfers	1,089,754	902,899	186,855	119,147	60,883	6,825	—
	4,719,438	3,138,360	1,581,078	528,436	880,873	93,731	78,038
Production costs	1,588,903	1,191,558	397,345	108,454	229,851	36,823	22,217
Exploration expenses	510,653	394,967	115,686	4,482	50,469	47,783	12,952
Depreciation, depletion and amortization	779,676	601,554	178,122	5,856	121,583	32,260	18,423
Technical support and other [3]	98,078	61,878	36,200	26,428	660	9,112	—
	2,977,310	2,249,957	727,353	145,220	402,563	125,978	53,592
Results before income taxes	1,742,128	888,403	853,725	383,216	478,310	(32,247)	24,446
Provision for income taxes	1,161,476	392,466	769,010	364,458	379,067	7,798	17,687
Results of operations	$ 580,652	$ 495,937	$ 84,715	$ 18,758	$ 99,243	$ (40,045)	$6,759
1981							
Revenues							
Sales	$3,538,800	$2,178,695	$1,360,105	$359,060	$861,325	$ 63,273	$76,447
Transfers	1,386,887	1,013,641	373,246	249,107	108,081	10,190	5,868
	4,925,687	3,192,336	1,733,351	608,167	969,406	73,463	82,315
Production costs	1,748,913	1,348,585	400,328	116,943	243,207	26,244	13,934
Exploration expenses	402,399	329,640	72,759	49	12,461	52,584	7,665
Depreciation, depletion and amortization	579,299	411,144	168,155	6,110	110,186	34,915	16,944
Technical support and other [3]	74,804	51,391	23,413	12,457	3,638	7,318	—
	2,805,415	2,140,760	664,655	135,559	369,492	121,061	38,543
Results before income taxes	2,120,272	1,051,576	1,068,696	472,608	599,914	(47,598)	43,772
Provision for income taxes	1,415,801	467,368	948,433	455,233	456,185	11,985	25,030
Results of operations	$ 704,471	$ 584,208	$ 120,263	$ 17,375	$143,729	$ (59,583)	$18,742

[1] Results of operations from crude oil and natural gas activities were determined in accordance with Statement of Financial Accounting Standards No. 69 and therefore do not include corporate overhead, interest, currency translation and other general income and expense items.

[2] Indonesia. Included in Total Foreign.

[3] Represents Getty's administrative costs directly related to oil and gas operations.

NOTE 18
CAPITALIZED COSTS OF CRUDE OIL AND NATURAL GAS ACTIVITIES

Aggregate capitalized costs of crude oil and natural gas activities and associated accumulated depreciation, depletion and amortization on December 31, 1983, 1982 and 1981, were as follows:

	Proved Properties			Unproved Properties		
	Gross	Accumulated Depreciation, Depletion and Amortization	Net	Gross	Accumulated Depreciation, Depletion and Amortization	Net
			(In thousands)			
1983						
United States	$6,209,186	$3,050,165	$3,159,021	$ 873,447	$214,320	$659,127
Middle East	136,248	89,923	46,325	—	—	—
North Sea	783,151	543,357	239,794	17,353	2,774	14,579
Other foreign	435,287	165,267	270,020	140,207	39,894	100,313
Total foreign	1,354,686	798,547	556,139	157,560	42,668	114,892
	$7,563,872	$3,848,712	$3,715,160	$1,031,007	$256,988	$774,019
1982						
United States	$5,855,079	$2,634,362	$3,220,717	$ 831,924	$204,716	$627,208
Middle East	155,706	121,252	34,454	—	—	—
North Sea	757,465	444,640	312,825	34,085	4,894	29,191
Other foreign	384,893	143,119	241,774	128,640	29,375	99,265
Total foreign	1,298,064	709,011	589,053	162,725	34,269	128,456
	$7,153,143	$3,343,373	$3,809,770	$ 994,649	$238,985	$755,664
1981						
United States	$5,276,276	$2,237,105	$3,039,171	$ 762,262	$173,943	$588,319
Middle East	126,569	100,926	25,643	212	210	2
North Sea	745,697	326,401	419,296	46,621	2,186	44,435
Other foreign	383,475	111,354	272,121	127,017	25,658	101,359
Total foreign	1,255,741	538,681	717,060	173,850	28,054	145,796
	$6,532,017	$2,775,786	$3,756,231	$ 936,112	$201,997	$734,115

NOTE 19
COSTS OF CRUDE OIL AND NATURAL GAS ACTIVITIES

Costs (capitalized and expensed) incurred in crude oil and natural gas activities in 1983, 1982 and 1981 consisted of the following: [1]

	Property Acquisition Costs [2]	Exploration Costs (In thousands)	Development Costs
1983			
United States	$202,099	$282,094	$369,768
Middle East	—	—	12,573
North Sea	108	14,208	12,527
Other foreign	4,984	81,713	39,868
Total foreign	5,092	95,921	64,968
	$207,191	$378,015	$434,736
1982			
United States	$220,862	$420,368	$616,920
Middle East	—	4,464	4,727
North Sea	—	39,270	14,326
Other foreign	4,818	70,830	18,446
Total foreign	4,818	114,564	37,499
	$225,680	$534,932	$654,419
1981			
United States	$251,743	$450,945	$776,923
Middle East	—	1,563	13,163
North Sea	—	34,192	60,175
Other foreign	8,427	64,889	49,447
Total foreign	8,427	100,644	122,785
	$260,170	$551,589	$899,708

[1] Costs were determined in accordance with Statement of Financial Accounting Standards No. 69 and therefore do not reflect all costs, particularly production costs and domestic and foreign income taxes, associated with Getty's crude oil and natural gas activities.

[2] Includes acquisitions of proved properties in the United States of $12,290,000, $715,000 and $4,306,000 in 1983, 1982 and 1981, respectively. Acquisition of "Other foreign" proved properties was $12,000 in 1983.

NOTE 20
STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS AND CHANGES THEREIN RELATING TO PROVED OIL AND GAS RESERVES (UNAUDITED)

The estimated standardized measure of discounted future net cash flows from proved oil and gas reserves at December 31, 1983, 1982 and 1981 were as follows: [1]

	Total	United States	Total Foreign	Middle East (In millions)	North Sea	Other Foreign	Applicable to Production-Sharing Contracts [2]
1983							
Future revenues	$ 53,529	$ 35,323	$ 18,206	$ 12,678	$ 3,503	$1,845	$180
Future production and development costs	(24,370)	(19,450)	(4,920)	(2,738)	(1,451)	(659)	(72)
Future income taxes	(18,388)	(6,555)	(11,833)	(9,211)	(1,950)	(635)	(37)
Future net cash flows	10,771	9,318	1,453	729	102	551	71
Ten percent annual discount for estimated timing of cash flows	(4,795)	(4,108)	(687)	(408)	54	(319)	(14)
Estimated standardized measure of discounted future net cash flows from proved oil and gas reserves	$ 5,976	$ 5,210	$ 766	$ 321	$ 156	$ 232	$ 57
1982							
Future revenues	$ 53,110	$ 35,577	$ 17,533	$ 12,155	$ 3,720	$1,467	$191
Future production and development costs	(23,830)	(20,353)	(3,477)	(1,499)	(1,401)	(494)	(83)
Future income taxes	(19,034)	(6,248)	(12,786)	(10,178)	(2,048)	(521)	(39)
Future net cash flows	10,246	8,976	1,270	478	271	452	69
Ten percent annual discount for estimated timing of cash flows	(4,641)	(4,090)	(551)	(271)	(36)	(234)	(10)
Estimated standardized measure of discounted future net cash flows from proved oil and gas reserves	$ 5,605	$ 4,886	$ 719	$ 207	$ 235	$ 218	$ 59
1981							
Future revenues	$ 62,942	$ 40,969	$ 21,973	$ 16,025	$ 4,485	$1,242	$221
Future production and development costs	(25,239)	(20,628)	(4,611)	(2,141)	(1,852)	(551)	(67)
Future income taxes	(24,691)	(8,645)	(16,046)	(13,494)	(2,141)	(345)	(66)
Future net cash flows	13,012	11,696	1,316	390	492	346	88
Ten percent annual discount for estimated timing of cash flows	(6,326)	(5,772)	(554)	(222)	(124)	(194)	(14)
Estimated standardized measure of discounted future net cash flows from proved oil and gas reserves	$ 6,686	$ 5,924	$ 762	$ 168	$ 368	$ 152	$ 74

[1] Estimated discounted future net cash flows were determined in accordance with Statement of Financial Accounting Standards No. 69. Selling prices and costs used were those in effect on December 31, 1983, 1982 and 1981, with consideration of price changes only to the extent provided by contractual arrangements. By their very nature, estimated standardized measures are based on various assumptions and subjective judgments too numerous to detail. Getty's actual discounted future net cash flows may vary considerably from these estimates. The estimated discounted future net cash flows should not be construed as the price at which Getty would sell the assets involved. The standardized measure calculations were based on Getty's estimates of proved reserves which approximate DeGolyer and MacNaughton's estimates of proved reserves.

[2] Indonesia. Included in Total Foreign.

Changes in the estimated standardized measure of discounted future net cash flows from proved oil and gas reserves for the years ended December 31, 1983, 1982 and 1981 were as follows: [1]

	1983	1982 (In millions)	1981
Estimated standardized measure of discounted future net cash flows from proved oil and gas reserves at beginning of year	$5,605	$6,686	$ 7,057
Increases			
Extensions, discoveries and improved recovery less related costs	979	551	802
Revisions to previous estimates of reserves	1,624	128	2,288
Current period development costs	435	654	897
Interest factor	1,519	1,868	1,735
Net change in income taxes	(2)	1,287	(1,624)
Other	134	308	(227)
	4,689	4,796	3,871
Decreases			
Sales less production costs	3,037	3,121	3,157
Net changes in estimated sales prices and production and development costs	1,281	2,756	1,085
	4,318	5,877	4,242
Estimated standardized measure of discounted future net cash flows from proved oil and gas reserves at end of year	$5,976	$5,605	$ 6,686

[1] The changes in the estimated standardized measure of discounted future net cash flows from proved oil and gas reserves were determined in accordance with Statement of Financial Accounting Standards No. 69. For additional information on the data presented, see note [1] on the preceding page.

NOTE 21
CRUDE OIL (INCLUDING CONDENSATE AND NATURAL GAS LIQUIDS) AND NATURAL GAS NET RESERVES (UNAUDITED)

The following tables of net proved reserves and net proved developed reserves recoverable from Getty's lease and concession interests on December 31, 1983, 1982 and 1981, are estimated by DeGolyer and MacNaughton, independent consulting engineers. Since December 31, 1983, no major discovery or other favorable or adverse event is believed to have caused a significant change in the estimated net proved reserves. DeGolyer and MacNaughton advises that the estimated net proved reserves of oil and gas include some reserves in the North Sea and on the North Slope of Alaska, for which contemplated fluid injection pressure maintenance techniques have not actually been tested in the reservoirs where those reserves are located. Although the inclusion of these reserves may not be consistent with the literal definition of proved reserves contained in certain regulations of the Securities and Exchange Commission, their inclusion as such is consistent with prior reports filed with the SEC and industry practice. No reduction in the quantities of natural gas liquids has been made for the portion retained by gas processing plants (typically about 60 percent) for the extraction of liquids. Reserves for Indonesia are those applicable to contractual relationships with the Indonesian government and have been reduced by the estimated amount of production to be retained by the state oil company. Reserves are net of royalty.

	Total		United States		Total Foreign		Middle East		North Sea		Other Foreign	
	Oil	Gas	Oil	Gas	Oil	Gas	Oil	Gas	Oil	Gas	Oil	Gas
	(Oil in millions of barrels, gas in billions of cubic feet)											
1983												
Proved reserves												
Beginning of year	1,946	2,741	1,241	2,396	705	345	555	—	116	6	34	339
Revision of previous estimates	28	(1)	—	(19)	28	18	—	—	28	5	—	13
Improved recovery	22	3	21	—	1	3	—	—	—	—	1	3
Purchases of minerals in place	—	15	—	15	—	—	—	—	—	—	—	—
Extensions, discoveries and other additions	35	350	32	327	3	23	—	—	—	—	3	23
Production	(149)	(276)	(104)	(267)	(45)	(9)	(16)	—	(26)	(3)	(3)	(6)
Sales of minerals in place	(1)	(12)	(1)	(12)	—	—	—	—	—	—	—	—
End of year	1,881	2,820	1,189	2,440	692	380	539	—	118	8	35	372
Proved developed reserves [1]												
Beginning of year	1,670	2,591	1,137	2,254	533	337	392	—	107	6	34	331
End of year	1,602	2,576	1,083	2,203	519	373	369	—	115	8	35	365
Oil applicable to production-sharing contracts [2]	7	—	—	—	7	—	—	—	—	—	7	—
1982												
Proved reserves												
Beginning of year	2,066	2,782	1,322	2,476	744	306	574	—	140	7	30	299
Revision of previous estimates	13	43	6	16	7	27	—	—	1	2	6	25
Improved recovery	2	1	2	1	—	—	—	—	—	—	—	—
Purchases of minerals in place	1	3	1	3	—	—	—	—	—	—	—	—
Extensions, discoveries and other additions	16	245	13	224	3	21	—	—	2	—	1	21
Production	(151)	(328)	(102)	(319)	(49)	(9)	(19)	—	(27)	(3)	(3)	(6)
Sales of minerals in place	(1)	(5)	(1)	(5)	—	—	—	—	—	—	—	—
End of year	1,946	2,741	1,241	2,396	705	345	555	—	116	6	34	339
Proved developed reserves [1]												
Beginning of year	1,743	2,572	1,198	2,281	545	291	390	—	125	7	30	284
End of year	1,670	2,591	1,137	2,254	533	337	392	—	107	6	34	331
Oil applicable to production-sharing contracts [2]	6	—	—	—	6	—	—	—	—	—	6	—
1981												
Proved reserves												
Beginning of year	1,914	2,824	1,372	2,603	542	221	361	—	150	7	31	214
Revision of previous estimates	263	(48)	15	(34)	248	(14)	234	—	14	2	—	(16)
Improved recovery	19	7	19	7	—	—	—	—	—	—	—	—
Purchases of minerals in place	1	—	1	—	—	—	—	—	—	—	—	—
Extensions, discoveries and other additions	19	327	16	220	3	107	—	—	1	—	2	107
Production	(150)	(327)	(101)	(319)	(49)	(8)	(21)	—	(25)	(2)	(3)	(6)
Sales of minerals in place	—	(1)	—	(1)	—	—	—	—	—	—	—	—
End of year	2,066	2,782	1,322	2,476	744	306	574	—	140	7	30	299
Proved developed reserves [1]												
Beginning of year	1,721	2,648	1,217	2,443	504	205	355	—	119	7	30	198
End of year	1,743	2,572	1,198	2,281	545	291	390	—	125	7	30	284
Oil applicable to production-sharing contracts [2]	6	—	—	—	6	—	—	—	—	—	6	—

[1] Included in proved reserves.
[2] Not included in proved reserves.

NOTE 22
SELECTED INFORMATION RELATED TO MINERALS ACTIVITIES (UNAUDITED)

The following is a summary of selected quantity and price information for minerals activities for the years ended December 31, 1980 through 1983:

	1983	1982	1981	1980
Proved and probable reserves at end of year				
Uranium oxide - million pounds [1]	1	101	14	16
Coal - million tons	232	226	237	88
Copper - million pounds	11,690	6,940	—	—
Gold - thousand troy ounces	833	839	438	—
Purchases of mineral reserves				
Coal - million tons	—	—	12	34
Production				
Uranium oxide - thousand pounds	894	933	1,048	1,404
Coal (raw) - thousand tons	3,677	4,641	3,018	359
Gold - thousand troy ounces	36	—	—	—
Average market price (industry average)				
Uranium oxide - dollars per pound	$ 22.98	$19.90	$24.19	$31.79
Coal - dollars per ton	21.56	21.49	20.40	20.00
Gold - dollars per troy ounce	424.24	—	—	—

[1] The Jabiluka reserves were reclassified to mineralized material in 1983 due to political constraints which prohibit export sales of Jabiluka uranium at this time.

NOTE 23
SUPPLEMENTARY FINANCIAL INFORMATION ADJUSTED FOR CHANGING PRICES (UNAUDITED)

The following financial information, presented in accordance with the methods outlined by the Financial Accounting Standards Board, is intended to demonstrate the effects of inflation and other price changes on Getty's results of operations. Historical dollar amounts as reported in the primary financial statements have been adjusted to show the effects of (1) general inflation (constant dollar) and (2) changes in specific prices (current cost).

The guidelines established by the FASB for computing these data allow for significant flexibility, and the FASB encourages experimentation in methodology and application. Accordingly, these computations necessarily required numerous assumptions and estimations, and should be reviewed with consideration for the experimental and subjective nature of the information. The financial information presented is only an indication of the approximate effects and not precise calculations of the effects of price changes including inflation.

To measure the effect of general inflation, the primary financial data have been restated into 1983 constant dollars, i.e., dollars of the average purchasing power during 1983, using the Consumer Price Index for All Urban Consumers. Under this procedure, historical costs of inventories and related costs of goods sold, and property, plant and equipment and related depreciation, depletion and amortization, are adjusted to reflect the change in the level of the CPI that has occurred since the date the assets were acquired. Revenues and other expenses for the current year are unchanged from amounts reported in the primary financial statements as they already approximate average 1983 constant dollars.

The current cost method is designed to approximate the effect on income of the difference between the historical cost of inventories and property, plant and equipment and the current cost of replacing those inventories and property, plant and equipment. Current cost of inventories was determined by applying the first-in, first-out method of costing to ending inventories. Current cost of crude oil and products sold was based on applying the last-in, first-out method of costing to ending inventories adjusted for prior years' layer liquidations. Current cost of property, plant and equipment was estimated by grouping assets into functions and applying appropriate indices to the historical amounts. Current cost depreciation, depletion and amortization was based on the average current cost of property, plant and equipment. The depreciation methods and useful lives are the same as those used in preparing the primary financial statements.

Additional information is provided concerning the impact of inflation due to the company's net monetary position. In periods of inflation, holders of money and other monetary assets lose purchasing power since a given amount of money will buy fewer goods and services. Conversely, debtors gain during these periods because obligations are payable in dollars of reduced purchasing power. The net effect is referred to as gains or losses in purchasing power of net monetary items which is shown in the accompanying financial information.

The following financial information presents a comparison of Getty's results of operations and other financial data as presented in the primary financial statements with similar data prepared on the constant dollar and current cost methods. Adjusted net incomes under the constant dollar and current cost methods are lower than the net income reported in the primary financial statements. While the adjusted earnings presented include higher depreciation, depletion and amortization costs, these higher costs do not result in any change in the provision for income taxes since existing tax legislation is based on reported gains, not on true economic gains. This is readily apparent by noting that Getty's effective tax rates before special provision under the constant dollar and current cost methods are 79.9 percent and 82.1 percent, respectively, which are substantially higher than the 61.1 percent effective tax rate before special provision reported in the primary financial statements.

Statement of net income adjusted for general inflation and changes in specific prices for the year ended December 31, 1983, was as follows:

	As Reported in the Primary Financial Statements	Adjusted for General Inflation (Constant Dollar) (In thousands)	Adjusted for Changes in Specific Prices (Current Cost)
Sales, including consumer excise taxes and other revenues	$12,017,028	$12,017,028	$12,017,028
Crude oil and product costs	5,765,815	5,798,992	5,820,199
Operating expenses	1,790,661	1,790,661	1,790,661
Selling, general and administrative expenses	391,599	391,599	391,599
Exploratory costs, including dry holes, geological and geophysical, and undeveloped lease amortization	441,627	493,630	487,784
Depreciation and depletion	823,463	1,187,723	1,212,137
Interest expense	171,928	171,928	171,928
Excise, property and other operating taxes	716,852	716,852	716,852
Provision for crude oil pricing and related tax issue, including interest	344,000	344,000	344,000
Provision for income taxes, excluding special provision	1,170,769	1,170,769	1,170,769
Income tax credit on special provision	(94,000)	(94,000)	(94,000)
	11,522,714	11,972,154	12,011,929
Net income	$ 494,314	$ 44,874	$ 5,099
Effective income tax rate before special provision	61.1%	79.9%	82.1%
Gains from decline in purchasing power of net monetary items		$ 110,531	$ 110,531

Inventories and property, plant and equipment on December 31, 1983, adjusted for general inflation and changes in specific prices, were as follows:

	As Reported in the Primary Financial Statements	Adjusted for General Inflation (Constant Dollar) (In thousands)	Adjusted for Changes in Specific Prices (Current Cost)
Inventories	$ 164,010	$ 256,980	$ 671,048
Property, plant and equipment (net)	$ 6,896,297	$ 9,469,945	$10,835,907
Effect of increase in general price level on inventories and property, plant and equipment held during the year			$ 423,019
Increase in current cost of inventories and property, plant and equipment held during the year			146,752
Excess of increase in the general price level over increase in current cost			$ 276,267

The following is a five-year comparison of selected supplemental financial data adjusted for the effects of general inflation and changes in specific prices:

	Years ended December 31				
	1983	1982	1981	1980	1979
	(In thousands of average 1983 dollars except per share amounts and CPI)				
Sales, including consumer excise taxes and other revenues	$12,017,028	$12,794,400	$14,516,393	$12,618,919	$7,028,649
Historical cost information adjusted for general inflation					
Income from continuing operations	44,874	287,380	547,351	712,910	535,632
Income from continuing operations per common share	.56	3.57	6.65	8.65	6.50
Stockholders' equity at year end [1]	8,135,060	8,171,819	8,148,819	7,621,077	6,880,115
Historical cost adjusted to current cost					
Income from continuing operations	5,099	222,994	492,489	667,786	475,685
Income from continuing operations per common share	.05	2.77	5.98	8.11	5.78
Stockholders' equity at year end [1]	9,915,090	10,267,891	10,467,338	9,647,587	8,640,003
Increase in general price level over (under) increase in current cost of inventories and property, plant and equipment	276,267	158,061	(346,872)	(311,743)	(291,953)
General information					
Gains from decline in purchasing power of net monetary items	110,531	113,295	230,841	193,184	114,507
Cash dividends per common share	2.60	2.63	2.52	2.30	1.92
Market price per common share at year end	$98.13	$50.06	$70.80	$111.09	$101.21
Average consumer price index (1967 base year)	298.4	289.1	272.4	246.8	217.4

[1] Stockholders' equity on a historical accounting basis was $5,420,380,000, $5,118,231,000, $4,792,545,000, $4,164,308,000 and $3,429,018,000 on December 31, 1983, 1982, 1981, 1980, and 1979, respectively.

NOTE 24
QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for 1983, 1982 and 1981 were as follows:

	Three Months Ended			
	December 31	September 30	June 30	March 31
	(In thousands except per share amounts)			
1983				
Sales, including consumer excise taxes and operating revenue	$2,990,635	$2,883,684	$2,960,474	$2,975,429
Operating and other expenses	$2,338,131	$2,306,986	$2,740,013	$2,447,260
Net income (loss)	$ 238,856	$ 183,749	$ (86,135)	$ 157,844
Income (loss) per average common share	$ 3.02	$ 2.32	$ (1.09)	$ 1.99
1982				
Sales, including consumer excise taxes and operating revenue	$2,948,565	$3,036,940	$3,034,932	$3,088,751
Operating and other expenses	$2,373,451	$2,422,614	$2,476,597	$2,477,694
Net income	$ 172,656	$ 182,336	$ 156,858	$ 179,740
Income per average common share	$ 2.18	$ 2.28	$ 1.94	$ 2.21
1981				
Sales, including consumer excise taxes and operating revenue	$3,437,619	$3,209,350	$3,149,629	$3,241,243
Operating and other expenses	$2,711,734	$2,566,763	$2,477,207	$2,565,916
Net income	$ 216,503	$ 205,172	$ 205,018	$ 230,172
Income per average common share	$ 2.63	$ 2.50	$ 2.49	$ 2.80

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Arthur Andersen & Co.

To the Board of Directors,
Getty Oil Company:

We have examined the consolidated balance sheet of Getty Oil Company (a Delaware corporation) and subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of income, changes in financial position, and redeemable preferred stock and common stockholders' equity for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Getty Oil Company and subsidiaries as of December 31, 1983 and 1982, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1983, in conformity with generally accepted accounting principles which, except for the change (with which we concur) in the method of accounting for foreign currency translation as explained in NOTE 1 to the consolidated financial statements, have been applied on a consistent basis.

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the index of financial statements are presented for purposes of complying with the Securities and Exchange Commission's rules and regulations under the Securities Exchange Act of 1934 and are not otherwise a required part of the basic financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the examinations of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen & Co.

Los Angeles, California
February 10, 1984

RESULTS OF OPERATIONS
Comparison of 1983 to 1982

DOMESTIC

CRUDE OIL AND NATURAL GAS EXPLORATION AND PRODUCTION
Crude oil and natural gas exploration and production pretax earnings totaled $952 million, an increase of $82 million, or nine percent. Lower exploratory costs, mainly dry-hole costs; decreased federal excise tax on crude oil sales; higher crude oil sales volumes and increased natural gas sales prices were partially offset by lower crude oil sales prices; higher depreciation and depletion expenses resulting from the production of higher cost crude oil and natural gas reserves; and lower natural gas sales volumes. The average sales price of produced crude oil declined $2.17 to $24.55 per barrel and the average sales price of natural gas increased seven cents to $2.54 per thousand cubic feet. Natural gas production decreased 16 percent primarily due to the deterioration of market conditions. Crude oil, condensate and natural gas liquids production increased one percent.

REFINING, MARKETING AND CHEMICALS
Pretax earnings from refining, marketing and chemicals operations were $55 million compared with pretax earnings of $18 million in 1982. This gain resulted primarily from a LIFO profit of $87 million partially offset by lower refined products sales prices.

SUPPLY AND TRANSPORTATION
Supply and transportation pretax earnings totaled $137 million, an increase of $7 million over 1982.

INSURANCE
Insurance earnings totaled $74 million compared with earnings of $82 million in 1982 and represent the after-tax equity earnings of Getty's insurance operations.

MINERALS
Minerals pretax loss of $37 million was $13 million, or 54 percent, higher than the loss reported in 1982 principally due to lower uranium sales volumes.

OTHER
Pretax losses in other operations were $177 million compared with losses of $161 million in the 1982 period. The principal reason for the increased losses was the 1983 write off of Getty's investment in Northern Tier Pipeline Company. The investment write off, $20 million, resulted from Northern Tier's decision to cancel plans for the construction of a crude oil pipeline from the state of Washington to the midwestern United States.

TAXES
Income taxes, excluding the $94 million income tax credit on the provision for crude oil pricing and related tax issue, increased by $54 million, or 16 percent, primarily due to lower investment tax credit and higher pretax earnings.

FOREIGN

PETROLEUM

Petroleum pretax earnings were $877 million, an increase of $38 million, or five percent. This increase primarily resulted from the absence in 1983 of the United Kingdom Supplementary Petroleum Duty tax and lower dry-hole costs partially offset by lower crude oil sales prices and volumes. The average sales price of produced crude oil declined $3.26 to $27.99 per barrel. Petroleum liquids production decreased nine percent, primarily due to reduced production from the Saudi Arabia-Kuwait Partitioned Neutral Zone.

MINERALS

Minerals pretax loss decreased $2 million, or 10 percent, to $17 million principally due to lower exploratory costs.

OTHER

Other pretax income amounted to $50 million, a decrease of $32 million, or 39 percent. This decline was primarily due to net foreign currency exchange gains of $26 million in 1983 compared with $45 million in 1982, lower interest income and higher interest expense.

TAXES

Federal and foreign income taxes decreased $9 million, or one percent, primarily due to lower Saudi Arabia-Kuwait Partitioned Neutral Zone pretax earnings partially offset by higher United Kingdom pretax earnings and a higher United Kingdom Petroleum Revenue Tax rate.

PROVISION FOR CRUDE OIL PRICING AND RELATED TAX ISSUE, INCLUDING INTEREST

During the second quarter of 1983 Getty made a $250 million after-tax provision for an alleged crude oil pricing violation and related tax issue, including interest.

GETTY OIL COMPANY AND SUBSIDIARIES
SCHEDULE V — PROPERTY, PLANT AND EQUIPMENT
(In thousands)

Classification	Balance At Beginning Of Year	Additions At Cost	Retire-ments Or Sales	Other Changes And Transfers Between Classifications [1]	Balance At End Of Year
For the year ended December 31, 1983					
Exploration and production	$ 8,412,310	$ 877,333	$(401,417)	$ 1,183	$ 8,889,409
Refineries and chemical plants	1,346,996	124,340	(1,531)	9,107	1,478,912
Transportation	538,811	44,779	(25,917)	(18,127)	539,546
Natural gas plants	377,283	34,322	(4,735)	481	407,351
Petroleum marketing facilities	256,105	32,278	(16,801)	(4,039)	267,543
Other facilities	548,830	110,267	(7,140)	8,816	660,773
Total	$11,480,335	$1,223,319	$(457,541)	$ (2,579)	$12,243,534
For the year ended December 31, 1982					
Exploration and production	$ 7,666,253	$1,320,586	$(518,758)	$(55,771)	$ 8,412,310
Refineries and chemical plants	1,153,753	207,565	(9,466)	(4,856)	1,346,996
Transportation	504,095	96,588	(73,403)	11,531	538,811
Natural gas plants	314,730	75,125	(12,581)	9	377,283
Petroleum marketing facilities	244,073	25,013	(12,745)	(236)	256,105
Other facilities	421,338	135,090	(25,330)	17,732	548,830
Total	$10,304,242	$1,859,967	$(652,283)	$(31,591)	$11,480,335
For the year ended December 31, 1981					
Exploration and production	$ 6,290,445	$1,606,600	$(318,498)	$ 87,706	$ 7,666,253
Refineries and chemical plants	1,036,533	120,950	(1,561)	(2,169)	1,153,753
Transportation	459,409	62,533	(18,894)	1,047	504,095
Natural gas plants	281,098	37,674	(4,374)	332	314,730
Petroleum marketing facilities	230,499	23,433	(11,453)	1,594	244,073
Other facilities	308,467	123,922	(10,822)	(229)	421,338
Total	$ 8,606,451	$1,975,112	$(365,602)	$ 88,281	$10,304,242

[1] Includes adjustments to reflect adoption of Statement of Financial Accounting Standards No. 52 in 1982 and acquisition of Energy Fuels Corporation in 1981.

GETTY OIL COMPANY AND SUBSIDIARIES
SCHEDULE VI — ACCUMULATED DEPRECIATION,
DEPLETION AND AMORTIZATION
OF PROPERTY, PLANT AND EQUIPMENT
(In thousands)

Classification	Balance At Beginning Of Year	Additions Charged To Costs And Expenses	Retire-ments Or Sales	Other Changes And Transfers Between Classifications [1]	Balance At End Of Year
For the year ended December 31, 1983					
Exploration and production	$3,554,215	$803,521	$(269,983)	$ (2,021)	$4,085,732
Refineries and chemical plants	555,414	71,682	(807)	2,501	628,790
Transportation	170,222	30,818	(13,809)	(2,225)	185,006
Natural gas plants	162,695	20,274	(1,923)	23	181,069
Petroleum marketing facilities	141,097	9,811	(10,193)	(2,222)	138,493
Other facilities	101,048	26,552	(1,297)	1,844	128,147
Total	$4,684,691	$962,658	$(298,012)	$ (2,100)	$5,347,237
For the year ended December 31, 1982					
Exploration and production	$2,959,940	$799,505	$(181,854)	$(23,376)	$3,554,215
Refineries and chemical plants	517,116	46,764	(6,090)	(2,376)	555,414
Transportation	180,746	29,129	(50,869)	11,216	170,222
Natural gas plants	148,964	17,335	(3,604)	—	162,695
Petroleum marketing facilities	139,117	8,991	(6,858)	(153)	141,097
Other facilities	84,351	26,774	(14,464)	4,387	101,048
Total	$4,030,234	$928,498	$(263,739)	$(10,302)	$4,684,691
For the year ended December 31, 1981					
Exploration and production	$2,420,663	$589,742	$ (50,458)	$ (7)	$2,959,940
Refineries and chemical plants	470,634	47,470	(1,177)	189	517,116
Transportation	163,107	24,329	(6,542)	(148)	180,746
Natural gas plants	136,412	14,027	(1,493)	18	148,964
Petroleum marketing facilities	138,299	7,862	(6,905)	(139)	139,117
Other facilities	72,358	18,771	(6,865)	87	84,351
Total	$3,401,473	$702,201	$ (73,440)	$ —	$4,030,234

[1] Includes adjustments to reflect adoption of Statement of Financial Accounting Standards No. 52 in 1982.

GETTY OIL COMPANY AND SUBSIDIARIES
SCHEDULE X — SUPPLEMENTARY INCOME STATEMENT INFORMATION
(In thousands)

	Years Ended December 31		
	1983	1982	1981
Maintenance and repairs	$366,053	$378,790	$419,925

EMPLOYERS REINSURANCE CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

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EMPLOYERS REINSURANCE CORPORATION
CONSOLIDATED STATEMENT OF INCOME

	Years ended December 31 1983	1982 (In thousands)	1981
Income			
Net premiums earned, property and casualty	$500,536	$474,363	$488,541
Premiums, life insurance companies	125,738	148,471	117,488
Net investment income	150,245	143,416	116,288
Other income	10,602	15,092	14,222
	787,121	781,342	736,539
Expenses			
Provision for losses and policy benefits	516,216	533,849	448,257
Commissions and other expenses	204,702	158,437	199,172
Amortization of value of insurance in force	13,527	16,423	12,542
	734,445	708,709	659,971
Income before income taxes and realized investment gains	52,676	72,633	76,568
Provision for income taxes (credit)			
Current	(20,971)	(4,234)	(5,037)
Deferred	4,868	9,296	25,918
Other	(209)	(3,944)	(3,366)
	(16,312)	1,118	17,515
Income before realized investment gains	68,988	71,515	59,053
Realized investment gains net of related income taxes	2,156	2,905	3,197
Net income	$ 71,144	$ 74,420	$ 62,250

The accompanying notes are an integral part of this statement.

EMPLOYERS REINSURANCE CORPORATION
CONSOLIDATED BALANCE SHEET

	At December 31 1983	1982
	(In thousands except share amounts)	
Assets		
Investments		
Fixed maturities, at amortized cost, market value $1,184,675 in 1983 and $1,073,629 in 1982	$1,219,126	$1,101,749
Equity securities, at market value, cost $70,848 in 1983 and $120,103 in 1982	72,845	104,459
Mortgage loans on real estate, first lien	170,326	151,542
Policy loans	44,738	43,217
Short-term investments	161,254	125,855
Total investments	1,668,289	1,526,822
Cash	5,442	7,101
Accrued investment income	28,338	24,161
Premiums and other receivables	161,776	152,086
Reinsurance recoverable on paid losses	23,039	14,892
Funds held by reinsured companies	52,587	43,299
Federal income taxes recoverable	16,965	5,762
Deferred insurance acquisition costs	132,672	133,204
Home office buildings and equipment, net of depreciation of $3,768 in 1983 and $2,487 in 1982	13,291	13,938
Value of insurance in force — property and casualty	226,578	240,105
Other assets	5,028	7,276
	$2,334,005	$2,168,646
Liabilities and Stockholder's Equity		
Liabilities		
Unearned premiums	$ 133,944	$ 144,583
Estimated losses and loss expenses	947,814	898,075
Future policy benefits	302,279	255,925
Other policyholders' funds	17,038	18,535
Funds held under reinsurance contracts	30,650	29,904
Deferred federal income taxes	60,859	55,714
Accrued expenses and other liabilities	72,021	64,364
Total liabilities	1,564,605	1,467,100
Stockholder's equity		
Capital stock, $5,000 par value, 1,000 shares authorized and outstanding	5,000	5,000
Capital in excess of par value	582,068	574,285
Retained earnings	180,828	137,684
Unrealized investment gains (losses)	1,504	(15,423)
Total stockholder's equity	769,400	701,546
	$2,334,005	$2,168,646

The accompanying notes are an integral part of this statement.

EMPLOYERS REINSURANCE CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Years ended December 31 1983	1982 (In thousands)	1981
Sources of cash			
From operations			
Net income	$ 71,144	$ 74,420	$ 62,250
Net accrual of discount on investments	(11,437)	(12,869)	(13,868)
Increase in unearned premiums and estimated losses and loss expenses	39,100	30,613	130,572
Increase in liability for future policy benefits	46,354	26,649	35,437
Increase (decrease) in funds held under reinsurance contracts	746	(22,787)	30,883
Decrease (increase) in deferred insurance acquisition costs	532	19,135	(1,453)
Provision for deferred and other income tax	4,659	5,352	22,552
Amortization of value of insurance in force	13,527	16,423	12,542
Increase in premiums, funds held by reinsured companies and other receivables	(39,310)	(26,576)	(2,041)
Other	(3,039)	(10,499)	(6,453)
	122,276	99,861	270,421
From other sources			
Sale of subsidiary	—	25,000	—
Proceeds from notes payable	—	—	7,200
Contributions to capital	7,783	166	10,647
Total cash provided	130,059	125,027	288,268
Applications of cash			
Purchase of investments, net of sales and maturities	128,786	94,478	239,850
Accounts and notes receivable from sale of subsidiary	(25,000)	25,000	—
Dividends to stockholder	28,000	—	13,000
Payments on notes payable	—	7,200	21,200
Acquisition of subsidiary	—	—	10,694
Other	(68)	(264)	437
Total cash applied	131,718	126,414	285,181
Increase (decrease) in cash	$ (1,659)	$ (1,387)	$ 3,087

The accompanying notes are an integral part of this statement.

EMPLOYERS REINSURANCE CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY

	Capital Stock	Capital in Excess of Par Value	Retained Earnings (In thousands)	Unrealized Investment Gains (Losses)	Total
Balance at December 31, 1980	$5,000	$563,472	$ 18,043	$ 22,153	$608,668
Net income			62,250		62,250
Change in unrealized investment gains (losses) net of related deferred income tax credit of $8,682				(26,001)	(26,001)
Cash dividends to stockholder			(13,000)		(13,000)
Other distributions to stockholder			(4,029)		(4,029)
Contributions to capital		10,647			10,647
Balance at December 31, 1981	5,000	574,119	63,264	(3,848)	638,535
Net income			74,420		74,420
Change in unrealized investment gains (losses)				(11,575)	(11,575)
Contributions to capital		166			166
Balance at December 31, 1982	5,000	574,285	137,684	(15,423)	701,546
Net income			71,144		71,144
Change in unrealized investment gains (losses) net of related deferred income tax of $564				16,927	16,927
Cash dividends to stockholder			(28,000)		(28,000)
Contributions to capital		7,783			7,783
Balance at December 31, 1983	$5,000	$582,068	$180,828	$ 1,504	$769,400

The accompanying notes are an integral part of this statement.

EMPLOYERS REINSURANCE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

BASIS OF PRESENTATION
The accompanying consolidated financial statements include the accounts of Employers Reinsurance Corporation (the Corporation) and its wholly-owned subsidiaries. Significant intercompany balances have been eliminated in consolidation. The Corporation is a wholly-owned subsidiary of Getty Oil Company (Getty). Effective February 17, 1984, Getty became an indirect wholly-owned subsidiary of Texaco Inc.

Effective January 1, 1983, Getty contributed its investment in First Excess and Reinsurance Corporation (Bermuda) Ltd. (FERC-Bermuda) to the Corporation. The capital contribution was recorded at the net carrying value of the parent's investment of $7,783,000. The results of operations of FERC-Bermuda, which have been included in the consolidated statement of income for 1983, increased revenues and net income by $6,542,000 and $5,498,000, respectively.

On January 6, 1984, the Corporation sold its investment in a wholly-owned subsidiary, Toplis and Harding, Inc., an insurance claims adjusting firm, for $9,000,000. At December 31, 1983, a provision was made to reflect the anticipated loss on disposition of $2,577,000. Such amount has been deducted from other income in the accompanying consolidated statement of income.

Effective December 31, 1982, the Corporation sold its investment in a wholly-owned subsidiary, American Defender Life Insurance Company, for $25,000,000 which approximated the carrying value of its investment.

In the fourth quarter of 1981, the Corporation distributed its investment in two insignificant noninsurance subsidiaries to its parent. The distribution was recorded at the net carrying value of its investment in such subsidiaries.

The accompanying consolidated financial statements have been prepared on the basis of generally accepted accounting principles. These principles differ from the accounting practices prescribed or permitted by state insurance departments to which the Corporation and its insurance subsidiaries are subject when reporting to such regulatory authorities. Selected statutory amounts are as follows:

	Life Insurance Entities (In thousands)	Property and Casualty Entities (In thousands)
Net income (loss)		
1983	$ (2,093)	$ 90,789
1982	2,571	92,565
1981	250	71,054
Stockholder's equity		
December 31, 1983	30,116	428,711[1]
December 31, 1982	34,870	358,377[1]

[1] Includes equity in net assets of life insurance subsidiaries.

VALUE OF INSURANCE IN FORCE
The value of insurance in force is being amortized over 19 years using the straight-line amortization method.

INVESTMENTS
Fixed maturities, consisting of bonds and redeemable preferred stocks, are carried at amortized cost. Mortgage and policy loans are stated at their aggregate unpaid balances.

Equity securities, consisting of common and nonredeemable preferred stocks, are carried at market and the unrealized investment gains (losses), less applicable deferred income taxes, are credited or charged directly to stockholder's equity. Net realized gains and losses, which are determined on the specific identification method, are included in results of operations.

DEFERRED INSURANCE ACQUISITION COSTS

The costs of acquiring business which vary with and are directly related to the production of business are deferred. Property and casualty acquisition costs, principally commissions, are amortized as the related premiums are earned. Life insurance acquisition costs, principally commissions and policy issue expenses, are amortized over the premium paying periods of the contracts in proportion to anticipated premium income. Such amortization is based on the same assumptions used to compute liabilities for future policy benefits. Costs related to group life and health business, including credit policies, are amortized over the contract period of the related policies. Amortization charged to income for 1983, 1982 and 1981 was $148,644,000, $125,070,000, and $129,026,000, respectively. Deferred insurance acquisition costs are reviewed for recoverability. The property and casualty companies do not give consideration to anticipated investment income in making recoverability evaluations.

ESTIMATED LOSSES AND LOSS EXPENSES

The estimated liability for outstanding losses and loss expenses consists of (1) case reserves based on reports and estimates of losses and (2) a reserve for incurred but not reported losses (IBNR reserve) based in large part on past experience. Estimated amounts of salvage and subrogation recoverable on paid and unpaid losses are deducted from outstanding losses. The case reserves are reviewed regularly and adjusted as deemed appropriate by the claims department, and the IBNR reserve is reviewed continuously and updated by the actuarial department. Adjustments resulting from these reviews are reflected in earnings currently.

Estimated outstanding losses for certain property and casualty disability benefits that escalate under the provisions of legislative action are recorded at discounted amounts based on assumptions for investment yields and rates of escalation. The carrying amount of such liabilities at December 31, 1983 and 1982 are $6,686,000 and $8,960,000, respectively. The interest assumption used in discounting these liabilities for 1983 and 1982 was five percent.

POLICY BENEFITS

The liability for future policy benefits of the life insurance companies has been computed mainly by a net level premium method based on assumptions for investment yields, mortality and terminations which were appropriate at date of purchase or at the time the policies were developed, including provisions for adverse deviations. Interest assumptions are principally 10.5 percent graded to 6.5 percent over 20 years, except for single premium annuities which range from 11 percent to 14 percent graded principally to four to six percent. Mortality and termination assumptions reflect industry standards, modified by company experience for termination assumptions.

RECOGNITION OF PREMIUM REVENUES

Premiums on short duration contracts are reported as income over the terms of the related reinsurance treaties or policies. In general, earned premiums are calculated on a prorata basis or are determined based on reports received from reinsureds.

Premium adjustments under retrospectively rated reinsurance contracts are recorded based on estimated losses and loss expenses, including both case and IBNR reserves.

Revenues on long-duration contracts are reported as earned when due. Policy benefits and expenses are matched with revenues so as to recognize profits over the lives of the contracts. This matching is accomplished by the provision for future policy benefits and the amortization of acquisition costs.

DEPRECIATION AND INVESTMENT CREDITS

Depreciation is provided on a straight-line basis using the following estimated lives:

Buildings	40 years
Building equipment	8 - 30 years
Data processing and other equipment	7 years
Land improvements	20 years

The flow-through method of accounting is used to record investment tax credits, which were insignificant in the years ended December 31, 1983, 1982 and 1981.

FOREIGN CURRENCY TRANSACTIONS

The Corporation records gains and losses on foreign currency transactions currently, at current rates of exchange. Net foreign currency exchange gains of $451,000 in 1983, $1,593,000 in 1982 and $1,695,000 in 1981 were included in income.

Note 2. Investments

Investments at December 31, 1983 are summarized below:

	Cost	Market Value (In thousands)	Balance Sheet Value
Fixed maturities			
Bonds			
U.S. government and government agencies	$ 30,371	$ 30,870	$ 30,371
States, municipalities and political subdivisions	881,468	865,129	881,468
Foreign governments	19,820	17,453	19,820
Public utilities	53,037	50,984	53,037
Convertibles and bonds with warrants attached	624	711	624
All other corporate bonds	74,827	71,900	74,827
Redeemable preferred stocks	158,979	147,628	158,979
Total fixed maturities	1,219,126	$1,184,675	1,219,126
Equity securities			
Common stocks			
Public utilities	2,099	$ 2,638	2,638
Banks, trust and insurance companies	2,960	3,210	3,210
Industrial, miscellaneous and all other	65,124	66,261	66,261
Nonredeemable preferred stocks	665	736	736
Total equity securities	70,848	$ 72,845	72,845
Mortgage loans on real estate	170,326		170,326
Policy loans	44,738		44,738
Short-term investments	161,254		161,254
Total investments	$1,666,292		$1,668,289

Investment income consisted of the following:

	1983	1982 (In thousands)	1981
Income from fixed maturities	$110,422	$ 94,431	$ 70,702
Interest on mortgage loans	18,465	21,879	22,278
Interest on policy loans	3,270	3,625	3,183
Dividends on equity securities	3,907	6,121	5,041
Interest on short-term investments	13,757	17,326	16,142
Other, net of interest incurred on funds held under reinsurance contracts	3,404	3,729	1,919
Total investment income	153,225	147,111	119,265
Less investment expenses	2,980	3,695	2,977
Net investment income	$150,245	$143,416	$116,288

Realized and unrealized gains (losses), net of applicable income taxes, are summarized as follows:

	1983	1982 (In thousands)	1981
Realized gains (losses)			
Fixed maturities	$ 2,771	$ 2,980	$ (3,643)
Equity securities	2,215	547	8,224
Other	—	982	150
	4,986	4,509	4,731
Federal income tax	2,830	1,604	1,534
Net realized gains	$ 2,156	$ 2,905	$ 3,197
Unrealized gains (losses)			
Fixed maturities	$ (6,331)	$126,827	$ (62,473)
Federal income tax expense (credit)	(564)	—	8,682
	$ (5,767)	$126,827	$ (71,155)
Equity securities	$ 17,641	$ (11,525)	$ (34,710)
Federal income tax expense (credit)	564	—	(8,682)
	$ 17,077	$ (11,525)	$ (26,028)

At December 31, 1983, the Corporation had net unrealized losses on fixed maturities of $34,451,000. At such date, gross unrealized investment gains and losses were $7,319,000 and $5,322,000, respectively, on equity securities. The Corporation's life insurance subsidiaries had commitments to make additional mortgage loans of approximately $7,850,000.

Note 3. Income Taxes

The Corporation and its subsidiaries, other than life and foreign insurance subsidiaries, file a consolidated federal income tax return with the Corporation's parent company. Income taxes have been allocated to the Corporation and its subsidiaries included in the consolidated return based on the tax effects to the consolidated group of the taxable income or loss of such entities. The life subsidiaries file separate federal income tax returns. A provision for income taxes has not been made on the undistributed earnings of the life and other subsidiaries aggregating $92,573,000 at December 31, 1983, principally because any potential distributions are not expected to be taxable when distributed because of available Internal Revenue Code elections.

Income taxes for the life subsidiaries have been computed under tax laws in effect at December 31, 1983. There is a pending tax law change, which, if passed, could affect future years.

A reconciliation of expected federal income tax (income before income taxes multiplied by the statutory federal income tax rate) to reported income tax is presented below. Income before income taxes from foreign sources, which is subject to foreign income taxes, is insignificant for all periods presented.

	1983	1982 (In thousands)	1981
Expected federal income tax	$ 24,231	$ 33,411	$ 35,221
Increases (reductions) in taxes resulting from:			
Tax exempt interest income	(30,729)	(25,074)	(13,658)
Dividends received deductions	(6,902)	(6,309)	(6,077)
Accrual of discount on fixed maturities at capital gains rates	(1,921)	(2,631)	(1,907)
Special deductions of life companies	(2,095)	(3,169)	(843)
Foreign income not subject to tax	(2,587)	—	—
Amortization of value of insurance in force	—	—	3,768
Foreign taxes	1,298	1,297	473
Other	2,393	3,593	538
Reported income tax	$(16,312)	$ 1,118	$ 17,515

As a result of a merger transaction, effective September 30, 1981, related to Getty's acquisition of the Corporation, the amortization of the value of insurance in force subsequent to that date has a related income tax benefit.

Deferred taxes arise from the tax effect of timing differences in the recognition of income and expense for tax and financial statement purposes. The sources of deferred taxes were as follows:

	1983	1982 (In thousands)	1981
Tax insurance acquisition costs in excess of (less than) financial statement acquisition costs	$ (1,739)	$ 5,109	$ 11,738
Tax loss and loss expenses in excess of financial statement amounts	4,133	2,588	10,816
Subsidiary's cash basis taxable income less than (in excess of) financial statement income	(10)	889	1,702
Tax investment income less than financial statement income	2,899	2,286	1,807
Other	(415)	(1,576)	(145)
Total deferred tax	$ 4,868	$ 9,296	$ 25,918

Deferred income taxes of $564,000 have been provided with respect to net unrealized investment gains at December 31, 1983.

The other provision (credit) for income taxes represents the net amortization of purchase accounting tax valuation adjustments resulting from Getty's acquisition of the Corporation. Fair values otherwise allocated to assets in connection with the purchase transaction were adjusted for the estimated future tax effects of fair value/tax basis differences. Such valuation adjustments are amortized to income over the periods that the basis differences affect the determination of current income taxes in proportion to the effect on each year.

Under existing federal tax law, a portion of the life companies income is not subject to tax (with certain limitations) until and unless it is distributed to the stockholder, at which time it is taxable as ordinary income. Such untaxed income is accumulated in a memorandum "policyholders' surplus account." The life companies do not intend to effect any transactions nor do they anticipate any occurrences which would cause the policyholders' surplus account to become taxable, although if certain tax elections are made by Texaco Inc. in connection with its acquisition of Getty, the policyholders' surplus account will become taxable. No provision has been made for deferred income taxes on the additions to the account of $463,000 and $1,081,000 in the years ended December 31, 1983 and 1982, respectively, (no additions were made in 1981) or on the account balance of $12,668,000 at December 31, 1983.

Note 4. Future Policy Benefits

A summary of future policy benefits, net of reinsurance ceded and including reinsurance assumed, at December 31, 1983 and 1982 follows:

	Life Insurance in Force		Liability for Future Policy Benefits	
	1983	1982	1983	1982
	(In thousands)			
Ordinary life	$3,413,308	$2,943,180	$134,094	$126,149
Individual annuities	*	*	110,483	84,463
Group life	701,940	502,396	505	358
Credit life (unearned premiums)	855,812	473,093	8,505	2,202
	$4,971,060	$3,918,669	253,587	213,172
Health insurance				
Benefit reserves	*	*	30,887	30,182
Unearned premiums	*	*	17,805	12,571
			48,692	42,753
			$302,279	$255,925

*Not applicable.

Note 5. Participating Life Insurance

Participating life insurance represents approximately 18 percent and 24 percent of the gross ordinary life insurance in force at December 31, 1983 and 1982, respectively.

On a significant portion of the participating insurance in force, earnings that can inure to the benefit of the stockholder are limited either by statute or resolution of the Board of Directors. Earnings in excess of that limit, aggregating $2,509,000 in 1983, $4,891,000 in 1982 and $3,992,000 in 1981, were allocated to participating policyholders.

Anticipated dividends on other participating insurance in force are considered as a planned contractual benefit in computing the value of future policy benefits and are provided ratably over the premium paying period of the contracts. Dividends on participating policies are declared by the Boards of Directors of the companies annually for payment during the following year.

Note 6. Reinsurance

The property and casualty companies are involved principally in the reinsurance business; therefore, most of the earned premiums from this segment represent premiums assumed from numerous companies. The property and casualty companies cede reinsurance on both a prorata and excess basis. The maximum amount of individual life insurance retained on any one life is $300,000. The amounts for reinsurance ceded which have been deducted from liability accounts for estimated losses and loss expenses and policy benefits at December 31, 1983 and 1982 were as follows:

	1983	1982
	(In thousands)	
Property and casualty	$85,657	$75,412
Life companies	58,921	40,258

Ceded reinsurance amounts for the years ended December 31, 1983, 1982 and 1981 were as follows:

	1983	1982	1981
		(In thousands)	
Property and casualty earned premiums	$ 106,021	$ 110,665	$ 107,407
Life insurance in force at end of period	2,125,346	2,010,783	2,066,055
Life companies' health premiums	37,912	8,643	13,621

Reinsurance assumed by the life companies amounted to approximately 33 percent and 30 percent of total life insurance in force at December 31, 1983 and 1982, respectively, and 35 percent, four percent and three percent, respectively, of health premium income for the years ended December 31, 1983, 1982 and 1981.

The Corporation has ceded reinsurance to protect itself against loss events of a catastrophe nature. For the years ended December 31, 1983, 1982 and 1981, the premiums ceded were approximately $10,460,000, $10,348,000 and $10,348,000, respectively, and loss recoveries were $15,049,000, $7,135,000 and $11,259,000, respectively.

Risks placed with reinsurers are treated as risks for which the Corporation is not liable. However, in the event the reinsurer is unable to meet the obligations assumed, the Corporation would become liable. Management believes that any material liability in this connection is extremely unlikely.

Note 7. Retained Earnings

The Corporation is a Missouri insurance company subject to statutory provisions under which (1) cash dividends may only be paid from statutory earned surplus, and (2) the approval of the Missouri Director of Insurance is required for any extraordinary dividend as defined by the statute. Approximately $76,328,000 of the statutory earned surplus of the Corporation was available at December 31, 1983, for the payment of dividends without the approval of the Missouri Director of Insurance. In January 1984, the Corporation declared and paid a cash dividend of $31,000,000.

The principal life insurance subsidiary is also a Missouri Insurance Company subject to similar statutory provisions. Approximately $731,000 of the statutory earned surplus of such subsidiary was available at December 31, 1983, for payment to the Corporation without approval of the Missouri Director of Insurance. Statutory earnings available for distribution by the other insurance subsidiaries at December 31, 1983, are not significant.

Note 8. Pensions

The Corporation and its subsidiaries are participants in two trusteed noncontributory pension plans which, together, cover substantially all employees. Pension costs are funded as accrued and include the amortization of prior service costs over 20 and 25 years. Approximate pension expense charged to operations was $1,915,000, $1,876,000 and $1,904,000 for the years ended December 31, 1983, 1982 and 1981, respectively. A comparison of accumulated plan benefits and plan net assets, determined as of the dates indicated, is presented below.

	At January 1	
	1983	1982
	(In thousands)	
Actuarial present value of accumulated plan benefits		
Vested	$15,200	$13,500
Nonvested	1,700	2,300
	$16,900	$15,800
Plan net assets available for benefits	$26,200	$19,200

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was six percent for both 1983 and 1982.

Note 9. Related Party Transactions

A property and casualty subsidiary of the Corporation reinsures risks of physical damages and consequential loss of certain oil drilling platforms owned by Getty. During 1983, the Corporation recorded premiums earned of $4,252,000 from insuring such risks.

In 1982, the Corporation and its principal life insurance subsidiary sold certain mineral interests, which had been carried at nominal amounts, to Getty for $1,105,000, representing the estimated fair value on the date of sale.

In the fourth quarter of 1981, the Corporation sold certain assets, principally furniture and equipment, to a wholly-owned subsidiary of Getty for $2,749,000, representing the net carrying value of the assets at the dates of sale. Also in such quarter the Corporation sold to Getty 20,000 shares of Getty's common stock owned by the Corporation for $1,340,000, representing the market value on the date of sale.

In December 1981, a life insurance subsidiary acquired the land on which Getty's corporate headquarters is situated and a ground lease applicable thereto from a related party for $2,400,000. In 1982, this asset was sold to an unrelated party.

Note 10. Industry Segments

The Corporation is principally a multiple line property and casualty reinsurer which writes all types of reinsurance other than title, life and annuities and, to a much lesser extent, writes certain liability coverages on a direct basis. Financial data with respect to this segment and all other segments in the aggregate is set forth below.

	Property and Casualty	All Other (In thousands)	Total Consolidated
Identifiable assets at December 31			
1983	$1,808,550	$525,455	$2,334,005
1982	1,714,315	454,331	2,168,646
Revenues for years ended December 31			
1983	609,880	177,241	787,121
1982	578,751	202,591	781,342
1981	571,436	165,103	736,539
Income before income taxes and other items for years ended December 31			
1983	41,995	10,681	52,676
1982	59,743	12,890	72,633
1981	65,825	10,743	76,568

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
The Board of Directors
Employers Reinsurance Corporation

We have examined the consolidated balance sheets of Employers Reinsurance Corporation at December 31, 1983 and 1982 and the related consolidated statements of income, stockholder's equity and changes in financial position for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Employers Reinsurance Corporation at December 31, 1983 and 1982 and the consolidated results of operations and changes in financial position for each of the three years in the period ended December 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

In connection with our examination, we have also examined the supporting schedules V and VI. In our opinion, these schedules present fairly the information required to be stated therein.

ARTHUR YOUNG & COMPANY

Kansas City, Missouri
February 24, 1984

EMPLOYERS REINSURANCE CORPORATION
SCHEDULE V — SUPPLEMENTARY INSURANCE INFORMATION
(In thousands)

	Years Ended December 31 1983	1982	1981
Property and casualty companies			
Deferred insurance acquisition costs	$ 49,200	$ 57,507	$ 54,760
Estimated losses and loss expenses	938,905	892,855	860,473
Unearned premiums	133,944	144,583	146,919
Premium revenue	500,536	474,363	488,541
Net investment income	111,808	104,310	82,865
Losses and loss expenses and policy benefits	399,583	380,785	371,728
Amortization of deferred insurance acquisition costs	129,162	98,372	103,332
Other operating expenses	25,613	23,428	18,009
Premiums written	486,841	472,027	457,022

EMPLOYERS REINSURANCE CORPORATION
SCHEDULE VI — REINSURANCE
(In thousands except percentage data)

	Gross Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
Year ended December 31, 1983					
Life insurance in force December 31, 1983	$4,733,660	$2,125,346	$2,362,746	$4,971,060	48
Premiums					
Life insurance	$ 93,646	$ 24,765	$ 24,767	$ 93,648	26
Accident and health insurance	67,765	81,543	264,586	250,808	105
Property and casualty insurance	44,552	62,390	299,656	281,818	106
Total premiums	$ 205,963	$ 168,698	$ 589,009	$ 626,274	94
Year ended December 31, 1982					
Life insurance in force December 31, 1982	$4,155,780	$2,010,783	$1,773,672	$3,918,669	45
Premiums					
Life insurance	$ 111,499	$ 24,050	$ 23,258	$ 110,707	21
Accident and health insurance	69,334	54,213	229,366	244,487	94
Property and casualty insurance	52,421	65,095	280,314	267,640	105
Total premiums	$ 233,254	$ 143,358	$ 532,938	$ 622,834	86
Year ended December 31, 1981					
Life insurance in force December 31, 1981	$5,787,032	$2,066,055	$1,247,345	$4,968,322	25
Premiums					
Life insurance	$ 103,819	$ 28,012	$ 17,795	$ 93,602	19
Accident and health insurance	74,510	60,726	224,350	238,134	94
Property and casualty insurance	62,214	60,302	272,381	274,293	99
Total premiums	$ 240,543	$ 149,040	$ 514,526	$ 606,029	85

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GETTY OIL COMPANY
(Registrant)

By D. A. BLAND
D. A. Bland
Vice President, Finance

March 9, 1984

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature and Title	Date
S. R. PETERSEN S. R. Petersen Chairman of the Board and Chief Executive Officer (Principal Executive Officer and Director)	March 9, 1984
D. A. BLAND D. A. Bland Vice President, Finance (Principal Financial Officer)	March 9, 1984
JOHN C. LINEHAN John C. Linehan Controller (Principal Accounting Officer)	March 9, 1984

Harold E. Berg*			
Elvis L. Mason*			
Robert C. McCay*			
Chauncey J. Medberry, III*			
Robert N. Miller*	Directors	March 9, 1984	
Robert V. Roosa*			
Harold C. Stuart*			
Laurence A. Tisch*			

*By his signature set forth below, R. D. Copley, Jr. has signed this Annual Report on Form 10-K as attorney-in-fact for the persons noted above, in the capacities above stated, pursuant to powers of attorney filed with the Securities and Exchange Commission.

R. D. COPLEY, JR.

R. D. Copley, Jr.